PREM 19/2981

IRELAND
1990

At lunch today

you cd. add

to the things which

wd. not be EC/integrated

~~the~~ under 'political

union' the crucial

war/peace decision just
a patriotically
graphically described
by M. for France (her

IRELAND
1990

You cd. inter alia

(a) welcome what Kohl said about NATO

(b) Endorse what Andreotti said about C, and E. Europe as a whole. We will be considering this as next item. But important that handling of

GDR in Communist first phase, ie before formal unification, should not cause difficulties in our relations with other countries in equal need.

Irrespective what Kohl said about nature of help for GDR in this period, should be on all fours with what is available to other CoE states. After unification of course, position change.

IRELAND
1990

Mitterrand, being weak on Substance, is putting the accent on speed.

His careful historical analysis of political cooperation. (the subject in which he is really interested) leads him to the conclusion that it shd. continue to evolve, particularly into security matters – but at that point he wanders off into generalities.

[The internal debate in France is changing and making him more cautious]

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

EHD(D) 90 (INDEX) COPY NO: 1

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

INDEX OF BRIEFS

COMMUNITY ISSUES

EHG(D) 90 (S) Steering Brief

Brief No 1: Political Union

Brief No 2: Economic and Monetary Union

Brief No 3: Single Market including transport and indirect tax

Brief No 4: Frontiers

Brief No 5: Drugs

Brief No 6: Sites of EC Institutions

Brief No 7: Possible EC Economic Assistance to Greece

Brief No 8: German Unification - EC Aspects

Brief No 9: German Unification - Political Aspects

Brief No 10: Eastern Europe

Brief No 11: GATT

MD4AET/1 /YK

Brief No 12: Other External Issues [EC/US; EC/EFTA; EC/Mediterranean]

Brief No 13: Environment

Brief No 14: Social Action Programme

Brief No 15: International Economic Situation

POLITICAL COOPERATION

Brief No 16: Soviet Union (Political)

Brief No 17: CSCE

Brief No 18: South Africa

Brief No 19: Arab/Israel

Brief No 20: Anti-Semitism and Racism

Brief No 21: Non-Proliferation

Brief No 22: Cyprus

Brief No 23: China

Brief No 24: Kashmir

Brief No 25: Iran

Brief No 26: Iran/Iraq

Brief No 27: Lebanon

Brief No 28: Horn of Africa

Brief No 29: Cambodia

Brief No 30: Vietnamese Boat People

Brief No 31: Central America

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

EHG(D) 90 (S)

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

STEERING BRIEF

1. Heads of State/Government will assemble between 1000 and 1030, when the President of the European Parliament will make his (now customary) appearance. Baron is expected once again to set out EP views on institutional issues, including increased powers for the Parliament itself.

2. Mr Haughey's letter of 20 June (attached) suggests that the first session at 1100 should cover the internal agenda. The Presidency will be aiming for a procedural outcome on political union (Brief no 1) on the basis of the report by Foreign Ministers - ie a formal decision to convene a second IGC and probably a remit to Foreign Ministers to undertake further preparatory work. The Presidency may also seek a decision on an opening date for the IGC. The Foreign Ministers' report is broadly satisfactory, and should be approved. It makes clear that political union should not threaten key national institutions, or the Community's openness to enlargement; and adopts a basically incremental approach. On that basis we need not stand in the way of the expected IGC decision; should not object to setting a start date; and should support the Presidency's proposals for follow-up work in the FAC.

NS5AEE/1 /YK

3. The Presidency wish to take stock of preparations for the IGC on economic and monetary union (Brief no 2). The Presidency report is thin and factual, and substantive discussion is not expected. But the Prime Minister may wish to refer to the new UK ideas on institutional developments beyond Stage 1; and support a call for further preparatory work under ECOFIN auspices. The Presidency will propose 13 December as the start date for the IGC: this would be consistent with the Strasbourg conclusions.

4. The rest of the morning is likely to be devoted to 1992 issues. The Prime Minister may wish to stress the need to maintain the momentum of the Single Market programme (Brief no 3). We want strong Conclusions language on our short-term priorities and wider measures to consolidate the 1992 programme, including better implementation and compliance. We expect little, if any discussion on frontiers (Brief no 4), although the signature on 15 June of the Asylum Convention, (and on 19 June of the Schengen Convention) may be mentioned.

5. Mitsotakis may raise the possibility of EC economic assistance for Greece (Brief no 7). The Prime Minister will want to welcome the efforts his Government have initiated to deal with their daunting economic difficulties, but we should avoid any commitment to EC assistance: the issue should be remitted to ECOFIN.

6. President Hillery will give a lunch (1330-1445) for Heads of State/Government which the East German Prime Minister will attend. This will not be a working occasion, but will provide an opportunity to expose de Maiziere to Western thinking, including on the need to keep the internal and external aspects of German unification in step (Brief no 9). Chancellor Kohl will speak on the latest developments in Germany. On the EC aspects of unification (Brief no 8), we welcome the Commission's intention to accelerate preparation of legislative proposals for transitional

derogations for GDR territory after unification, and Commission proposals for handling the implications for the Community of the GEMU State Treaty.

7. The afternoon session (1500-1830) may begin with a discussion (requested by Chancellor Kohl) on drugs (Brief no 5). We want to maintain the UK lead on drugs issues in the EC, by securing European Council endorsement of the UK initiative to boost and accelerate the preparations for the European Drugs Intelligence Unit; and by proposing a Pompidou Group conference on drugs with Eastern European countries (a proposal we have not trailed in advance). There may be discussion at this point of the proposed Declaration on the environment (background Brief no 13). The Presidency draft is being discussed by officials on 21 June: briefing will follow separately.

8. The Presidency may raise the question of the sites of the EC institutions (Brief no 6). They may not propose a global package, but instead try for decisions only on the Environment Agency and Training Foundation, leaving the Trade Marks Office and the European Parliament for the political union IGC. (Or they may duck the issue altogether, as they did in April.) We should make clear that we are ready to help the Presidency achieve early decisions.

9. The Presidency will then move to external issues. Discussion of Eastern Europe (Brief no 10) and the Soviet Union is likely to be dominated by issue of possible aid to the Soviet Union (briefing being provided separately). The Prime Minister will wish to emphasise the need to have a Soviet reform programme in place before Western aid can be effective. Any unconditional short-term credits (or, worse, grants) to the Soviet Union would be wasted. FRG aid to the Soviet Union as an accompaniment to German reunification is a separate issue. An aid initiative firmly linked to IMF discipline offers the best prospects of long term success. On Romania, the Prime Minister will wish to underline the

importance of basing Community policy on each country's commitment to and performance in political and economic reform; Romania has already failed to meet EC/G24 criteria for aid. Priority for aid and the negotiation of Association Agreements should be given to Poland, Hungary and Czechoslovakia.

10. The GATT Uruguay Round (Brief no 11) may briefly be mentioned on the afternoon of 25 June. We want only a short exchange and brief conclusions language: longer debate could unhelpfully constrain the Commission's negotiating flexibility. The Conclusions should simply confirm the Community's commitment to a successful outcome of the Round. Other EC external issues (Brief no 12) may be touched on briefly.

11. Over dinner (given by Mr Haughey at 2000 at Malahide Castle) the focus is likely to remain on international issues, particularly East-West relations. There is likely to be discussion of political developments in the Soviet Union (Brief no 16) and the CSCE (Brief no 17). South Africa (Brief no 18) may be raised at the dinner or the following morning. The Presidency will want to send a clear signal of encouragement to both de Klerk and Mandela, but there is no agreement on the form this should take. The UK, Italy, Spain and Portugal (with partial support from Belgium and Greece) argue that more than words of encouragement are needed. France, the Netherlands and (particularly) Denmark and Ireland oppose any decisions on the lifting of sanctions. Germany has avoided taking a clear position. There may also be discussion on the Arab/Israel conflict (Brief no 19). There are signs of impatience within the Community at the lack of progress towards Israeli/Palestinian negotiations, and support for a Dublin Declaration which would make a clear European contribution to the peace process. We would support this providing no position is taken which could complicate American efforts.

NS5AEE/4

12. After the group photograph, the morning session on 26 June (1000-1230) will consider draft Conclusions. There are background briefs on the Commission's Social Action Programme (Brief no 14) and the international economic situation (Brief no 15). On the political cooperation side, the Presidency are preparing Conclusions language on Eastern Europe and CSCE, and separate declarations on South Africa, the Middle East (principally Arab/Israel), anti-semitism and racism (Brief no 20) - proposed by the Dutch; we support the idea - and non-proliferation (Brief no 21). The Greeks will push for language on Cyprus (Brief no 22) which is implicitly critical of the Turks: we should resist. The Portuguese may raise China (Brief no 23), the Germans Kashmir (Brief no 24); and there is contingency briefing on Iran, Iran/Iraq, Lebanon, the Horn of Africa, Cambodia, Vietnamese Boat People and Central America (Brief nos 25-31).

Text of the pre-Summit letter from the Taoiseach, Mr. Charles J. Haughey, T.D., to his colleagues on the European Council.

I will have the pleasure of seeing you next Monday in Dublin for the second meeting of the European Council during the Irish Presidency. Our special meeting in April was widely seen by the general public as proof of our determination to respond effectively to the many challenges facing the Community and Europe. When we meet next week we will need to ensure that the pace is kept up and that the right framework is agreed for our future work.

(1) Our first task will be to take the necessary political decisions in the continuing process of transforming relations as a whole among the Member States into a European Union invested with the necessary means of action.

This objective includes in the first instance the full implementation of the Single European Act including the Internal Market. We will in Dublin review the state of progress in this field, on the basis of a report from President Delors, and lay down the necessary guidelines.

Then we should deal with Economic and Monetary Union. The Dublin Summit will take place five days before the entry into force of the first phase of Economic and Monetary

Union. Our task at the meeting will be to review progress in the preparatory work, confirm the decision concerning the convening of the Intergovernmental Conference later this year, and fix the date for the opening of the Conference.

Finally under this heading, we will have an exchange of views on Political Union, with a view to a decision on the convening of an Intergovernmental Conference. Since our April meeting, and in accordance with our mandate to them, Foreign Ministers have had discussions and have adopted a document on the concept of Political Union and on the main questions to be examined. This document provides a basis on which we could decide on the convening of the Conference, its opening date and on the further preparatory work for which we should agree a procedure.

The second main group of topics with which we have to deal with relates to the area of Europe of the citizens.

We are all aware of our responsibility to enhance the social, economic and cultural benefits which the peoples of the European Community derive from belonging to an entity which has as its raison d'etre their rights, their freedom and their welfare. Two subjects will be at the centre of our debate in Dublin: the environment; and drugs and their links with organised crime. I also see our planned declaration on anti-semitism in this context.

Environment

With regard to the environment, I have been pleased to note during my visit to the capitals that we all agreed that the Community should take the lead on this question. In the perspective of Europe of the citizens, we need to secure the right of the individual citizen to a clean and healthy environment. In addition, because of the economic and political importance of the Community, we have a particular international responsibility in this field.

Drugs

On drugs and their links with organised crime we have on our table two important reports from CELAD and TREVI. Against this background I hope for a full exchange of views, on the basis of which we can agree guidelines for action in this area.

The third main group of questions relates to our external relations. We had a thorough debate in April on this question. At our meeting, we should consider in particular East-West relations including developments in the Soviet Union, the CSCE process, South Africa, the Middle East and the Cyprus question and draw conclusions and, in some cases, make declarations.

Finally, we might turn to the debate on the seats of the Institutions. I feel that we should not continue to let these questions go undecided.

I suggest we programme our work over the two days in Dublin

in the following manner: we will start on Monday morning at 10.30 with our traditional meeting with Mr. Baron, President of the European Parliament. Following that, I propose that we devote the morning to our debate on Political Union and on Economic and Monetary Union. We will aim also to deal with progress on the implementation of work under the Single Act.

At the lunch, to which we have been invited by the President of Ireland, we will have the pleasure of meeting Mr. de Maiziere, Prime Minister of the German Democratic Republic and the Foreign Minister, Mr. Meckel.

Chancellor Kohl will give us an update on German Unification.

Also on Monday afternoon I suggest that we deal with the environment, drugs and their links with organised crime. I would also hope we could start our discussion on the seats of the Institutions, a debate which we might have to continue over dinner. The main topic for discussion at dinner among Heads of State or Government will be the major political issues linked to the future of Europe including, in particular, developments in the Soviet Union.

Our Foreign Ministers will, at their dinner on Monday night, prepare our debate on the political cooperation topics which we should deal with on Tuesday morning, after we have

discussed the conclusions drafted on the basis of the debate on Monday.

My intention would be to finish our meeting at lunchtime on Tuesday.

I am looking forward to seeing you in Dublin.

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

EHG(D) 90 (1)

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

POLITICAL UNION

OBJECTIVES

- To approve the report by Foreign Ministers, and seek to ensure that further preparation for the political union IGC reflects the same incremental approach.

POINTS TO MAKE

- Can accept report by Foreign Ministers because it incorporates three key principles:

  - first, the political union process must not threaten key national institutions. That is essential if there is to be continued public support for what the Community is doing. Our task must be to work out a proper relationship between strong Community and strong national institutions for the 1990s and beyond; not a plan for an institutional revolution, enfeebling national parliaments and governments;

  - second, we must learn the lessons of our own success. The Community is at its best when it is pursuing open, liberal policies, influencing the world outside for the

good. Our political union discussions must not seem to the outside world to be hermetically sealed. Its conclusions must make sense in the new Europe, and not reduce the Community's attraction to its neighbours;

- third, we must define the principle of subsidiarity. We are all committed to it in theory. What we must do is reach conclusions which will provide concrete guidelines for putting it into practice in our Community business;

- In our discussions here on 28 April I think we agreed - and the subsequent discussions among Foreign Ministers have confirmed - that what is envisaged now:

- will not affect national identity, traditions, or systems. Rather the aim will be to make Community's institutions more effective and accountable, and the Community voice stronger in the wider world;

- is not some unrealistic quantum leap to complete union, but rather a further practical stage in the process of political union.

- On that basis, I am ready to agree to a second IGC. The United Kingdom will continue to contribute positively and actively to further preparatory work. Believe that this should again be remitted to Foreign Ministers. Their work since April has served us well.

[If necessary]
- Agree that Foreign Ministers should consider the four headings mentioned in the report - efficiency, democratic "legitimacy" or accountability, the Community's international role, and subsidiarity. We have ideas of our own in all these areas. Foreign Ministers will have to continue the task of analysing the ideas put forward, winnowing out the wayward ones, and focussing on those where agreement to treaty revision is possible.

[If substantive debate develops]

- There is no need now to go into the detail of our, or others' ideas. Plenty of time for debate between now and December, and at the IGC itself - wrong to seek to pre-negotiate the outcome. But our preliminary ideas have focussed on:

  - greater political accountability of the Council to national parliaments;

  - stronger links between the European Parliament and national parliaments;

  - increased Community financial accountability to the European Parliament, by strengthening the partnership of the European Court of Auditors and the European Parliament's Budgetary Control Committee;

  - stronger powers of enforcement for the Court and Commission, including sanctions for regular offenders;

  - sharpening up European Political Cooperation; and

  - a more systematic application of the principle of subsidiarity.

[If raised]

- The two IGCs will proceed in parallel. Do not favour establishing hard and fast rules at this stage about the relationship between them. Obviously there will need to be consistency between the two, and obviously the two Councils most involved (Foreign Affairs and ECOFIN) will need to keep a close eye on the progress of both.

References: A: Presidency letter, covering Foreign Ministers' report (annotated)
B: Luxembourg telno 170: 18 June FAC

BACKGROUND

1. Foreign Ministers agreed their report on political union at the 18 June Foreign Affairs Council. It contains several elements important to the UK, eg the references to what is not implied by political union, to subsidiarity, and keeping Community membership open to other European states. There are defects, eg the presumption in Section 2 of a common foreign and security policy (Section 5 makes clear this is only a proposal) and the unsatisfactory reference in Section 3 to the extension of competence. The Foreign Secretary registered UK dissent on these points at the Foreign Affairs Council.

2. But on balance the paper is broadly satisfactory to the UK. The French, German, Spanish, Italians and Belgians regard it as undesirably minimalist but all have acquiesced.

3. It was agreed at the Foreign Affairs Council that a short covering Presidency letter would note that most Foreign Ministers favoured now convening an IGC. This is the only decision required at Dublin. We should confirm that we will not stand in its way, and will continue to contribute actively before and at the IGC.

4. The Presidency may also seek to establish a start date for the IGC (probably 13 or 14 December, in parallel with the opening of the EMU IGC), and remit further preparatory work to Foreign Ministers. We need not object on either point. The Presidency may also seek explicitly to confirm the Dublin

I commitment to ratification of treaty changes on political union "in the same time frame" as those arising from the EMU IGC (ie by the end of 1992). We need not object, provided this is expressed only as an objective.

5. Beyond these procedural conclusions, the Presidency do not plan substantive debate on specific proposals for institutional development. But if such a discussion does develop, the Prime Minister may wish to set out briefly the preliminary UK ideas floated since Dublin I.

6. The only obvious remaining joker in the pack is the possibility of another Franco/German initiative emerging from the meeting between President Mitterrand and Chancellor Kohl on 22 June.

TH3AFY/5

EUROPEAN COMMUNITIES
THE COUNCIL

Brussels, 20 June 1990
Or.E

7364/90

RESTREINT

REVTRAT 7

N O T E

from : the Presidency

to : the European Council

Subject: Political Union

1. In accordance with the instructions from the special meeting of the European Council, in Dublin on 28 April 1990, Ministers for Foreign Affairs carried out at meetings in May and June a thorough analysis and examination of all the ideas and suggestions put forward at this stage for possible amendments to the Treaty with a view to establishing Political Union.

2. Following these discussions the Council reached agreement on the attached report. It decided to submit it formally to the European Council on 25 and 26 June with a view to the discussion to be held on the convening of a Conference of the Representatives of the Governments of the Member States on Political Union. Most Member States have already indicated that they will express themselves in favour of such a Conference being convened.

3. It is important that there should be coherence in the work that would be involved in preparing Intergovernmental Conferences on Economic and Monetary Union and Politicial Union respectively. This should be assured through the role of the General Affairs Council.

041305
MDHIAN 5032

RESTRICTED
FROM DUBLIN COREU
TO ALL COREU IMMEDIATE DESK BY 15H.00

CPE PRES DUB 557
15.6.1990 13.00 P1/2

DIFFUSION RESTREINTE
OBJET: MINISTERIAL DISCUSSION ON POLITICAL UNION 18 JUNE 1990

THE PRESIDENCY CIRCULATES BELOW THE PAPER ON POLITICAL UNION WHICH WILL BE DISCUSSED BY MINISTERS ON 18 JUNE:

POLITICAL UNION

1. INTRODUCTION

THE EUROPEAN COUNCIL AGREED AT ITS MEETING ON 28 APRIL 1990 THAT A POINT HAD BEEN REACHED WHERE THE FURTHER DYNAMIC DEVELOPMENT OF THE COMMUNITY HAS BECOME AN IMPERATIVE NOT ONLY BECAUSE IT CORRESPONDS TO THE DIRECT INTEREST OF THE TWELVE MEMBER STATES BUT ALSO BECAUSE IT HAS BECOME A CRUCIAL ELEMENT IN THE PROGRESS THAAT IS BEING MADE IN ESTABLISHING A RELIABLE FRAMEWORK FOR PEACE AND SECURITY IN EUROPE. THE EUROPEAN COUNCIL CONFIRMED IN THIS CONTEXT ITS COMMITMENT TO POLITICAL UNION AND DECIDED THAT FOREIGN MINISTERS SHOULD CARRY OUT A DETAILED EXAMINATION ON THE NEED FOR POSSIBLE TREATY CHANGES AND PREPARE PROPOSALS FOR THE EUROPEAN COUNCIL.

WRITTEN CONTRIBUTIONS HAVE BEEN SUBMITTED BY MEMBER STATES AND IDEAS AND SUGGESTIONS COMPILED. FOREIGN MINISTERS AT THEIR INFORMAL MEETING ON 19/20 MAY CARRIED OUT AN EXAMINATION AND ANALYSIS OF THE ISSUES.

THE FORTHCOMING DEBATE IN THE EUROPEAN COUNCIL WILL AIM AT DECIDING ON THE CONVENING OF AN INTERGOVERNMENTAL CONFERENCE ON POLITICAL UNION TO DEFINE THE NECESSARY FRAMEWORK FOR TRANSFORMING RELATIONS AS A WHOLE AMONG THE MEMBER STATES INTO A EUROPEAN UNION INVESTED WITH THE NECESSARY MEANS OF ACTION.

WITH A VIEW TO THIS, THE EUROPEAN COUNCIL HAS ALREADY IDENTIFIED

THREE PRINCIPAL MEANS (STRENGTHENING THE DEMOCRATIC LEGITIMACY OF THE UNION, ENABLING THE COMMUNITY AND ITS INSTITUTIONS TO RESPOND EFFICIENTLY AND EFFECTIVELY TO THE DEMANDS OF THE NEW SITUATION, AND ASSURING UNITY AND COHERENCE IN THE COMMUNITY'S INTERNATIONAL ACTION). THEMES FOR REFLECTION ARE SET OUT BELOW, AND COULD SERVE AS A BASIS FOR DISCUSSION BY FOREIGN MINISTERS WITH A VIEW TO THEIR SUBMISSION TO THE FORTHCOMING EUROPEAN COUNCIL.

2. THE OVERALL OBJECTIVE OF POLITICAL UNION

POLITICAL UNION WILL NEED TO STRENGTHEN IN A GLOBAL AND BALANCED MANNER THE CAPACITY OF THE COMMUNITY AND ITS MEMBER STATES TO ACT IN THE AREAS OF THEIR COMMON INTERESTS. THE UNITY AND COHERENCE OF ITS POLICIES AND ACTIONS SHOULD BE ENSURED THROUGH STRONG AND DEMOCRATIC INSITUTIONS.

THE UNION WILL REMAIN OPEN TO MEMBERSHIP BY OTHER EUROPEAN STATES WHO ACCEPT ITS FINAL GOALS, WHILE DEVELOPING CLOSER RELATIONS WITH OTHER COUNTRIES IN THE SPIRIT OF THE RHODES DECLARATION.

THE TRANSFORMATION OF THE COMMUNITY FROM AN ENTITY MAINLY BASED ON ECONOMIC INTEGRATION AND POLITICAL COOPERATION INTO A UNION OF A POLITICAL NATURE, [INCLUDING A COMMON FOREIGN AND SECURITY POLICY, RAISES A NUMBER OF GENERAL QUESTIONS:]

A) SCOPE:

- TO WHAT EXTENT DOES THE UNION REQUIRE FURTHER TRANSFER OF COMPETENCE TO THE COMMUNITY ALONG WITH THE PROVISION OF MEANS NECESSARY TO ACHIEVE ITS OBJECTIVES.

- HOW WILL THE UNION INCLUDE AND EXTEND THE NOTION OF COMMUNITY CITIZENSHIP CARRYING WITH IT SPECIFIC RIGHTS (HUMAN, POLITICAL, SOCIAL, THE RIGHT OF COMPLETE FREE MOVEMENT AND RESIDENCE...) FOR THE CITIZENS OF MEMBERS STATES BY VIRTUE OF THESE STATES BELONGING TO THE UNION.

- TO WHAT EXTENT WILL OTHER AREAS CURRENTLY DEALT WITH IN INTERGOVERNMENTAL COOPERATION BE INCLUDED, SUCH AS ASPECTS OF FREE CIRCULATION OF PERSONS, THE FIGHT AGAINST DRUGS, POLICE AND JUDICIAL COOPERATION.

B) INSTITUTIONAL ASPECTS:

- TO WHAT EXTENT WILL NEW OR CHANGED INSTITUTIONAL ARRANGEMENTS BE REQUIRED TO ENSURE THE UNITY AND COHERENCE OF ALL THE CONSTITUENT ELEMENTS OF THE EUROPEAN UNION.

- HOW SHOULD THE ROLE OF THE EUROPEAN COUNCIL, AS DEFINED IN THE SOLEMN DECLARATION ON EUROPEAN UNION AND IN THE SINGLE EUROPEAN ACT, BE DEVELOPED IN THE CONSTRUCTION OF THE UNION?

C) GENERAL PRINCIPLES

THE FOLLOWING QUESTIONS SHOULD BE CONSIDERED WITH REGARD TO CERTAIN GENERAL PRINCIPLES WHICH HAVE BEEN ADVANCED:

- IN THE CONTEXT OF ENSURING RESPECT OF NATIONAL IDENTITIES AND FUNDAMENTAL INSTITUTIONS: HOW BEST TO REFLECT WHAT IS NOT IMPLIED BY POLITICAL UNION,

- IN THE CONTEXT OF THE APPLICATION OF THE PRINCIPLE OF SUBSIDIARITY: HOW TO DEFINE IT IN SUCH A WAY AS TO GUARANTEE ITS OPERATIONAL EFFECTIVENESS,

3. DEMOCRATIC LEGITIMACY

IT IS NECESSARY TO ENSURE THAT THE PRINCIPLE OF DEMOCRATIC ACCOUNTAILITY TO WHICH ALL MEMBER STATES OF THE COMMUNITY SUBSCRIBE SHOULD BE FULLY RESPECTED AT COMMUNITY LEVEL. THE ONGOING TRANSFER OF TASKS TO THE COMMUNITY AND THE COORESPONDING INCREASE IN THE POWER AND RESPONSIBILITIES OF ITS INSTITUTIONS REQUIRE A STRENGTHENING OF DEMOCRATIC CONTROL. THIS OBJECTIVE SHOULD BE PURSUED THROUGH A RANGE OF MEASURES, AMONG WHICH COULD BE THE FOLLOWING:

- INCREASED INVOLVEMENT FOR THE EUROP AN PARLIAMENT IN THE LEGISLATIVE PROCESS POSSIBLY INCLUDING FORMS OF CO-DECISION, IN THE FIELD OF EXTERNAL RELATIONS

- INCREASED ACCOUNTABILITY THROUGH REINFORCED CONTROL BY THE

EUROPEAN PARLIAMENT OVER THE IMPLEMENTATION OF AGREED COMMUNITY POLICIES

- A REINFORCEMENT OF THE DEMOCRATIC CHARACTER OF OTHER INSTITUTIONS (E.G. SPECIFIC ROLE OF THE EUROPEAN PARLIAMENT IN THE NOMINATION OF THE PRESIDENT AND MEMBERS OF THE COMMISSION, GREATER TRANSPARENCY AND OPENNESS IN THE WORK OF THE COMMUNITY...)

- GREATER INVOLVEMENT OF THE NATIONAL PARLIAMENTS IN THE DEMOCRATIC PROCESS WITHIN THE UNION, IN PARTICULAR IN AREAS WHERE NEW COMPETENCE WILL BE TRANSFERED TO THE UNION.

4. EFFICIENCY AND EFFECTIVENESS OF THE COMMUNITY AND ITS INSTITUTIONS

THE ADEQUACY OF THE COMMUNITY'S RESPONSE, AND OF THAT OF ITS INSTITUTIONS, TO THE NEEDS ARISING FROM THE NEW SITUATION AS WELL AS FORM THE IMPLEMENTATION OF THE INTERNAL MARKET, THE ATTAINMENT OF EMU, THE DEVELOPMENT OF NEW POLICIES (INCLUDING THOSE OF THE SINGLE EUROPEAN ACT) AND THE ENHANCEMENT OF THE COMMUNITY'S INTERNATIONAL ROLE, (INCLUDING ITS CAPACITY TO RESPOND TO THE ASPIRATIONS OF COUNTRIES WHO WISH TO SEE THEIR RELATIONS WITH THE COMMUNITY STRENGTHENED,) SHOULD BE EXAMINED FROM TWO ANGLES: FIRSTLY, HOW TO MEET THE CHALLENGES WHICH THE COMMUNITY FACES IN AN OVERALL AND BALANCED WAY: SECONDLY, FROM THE ANGLE OF THE FUNCTIONING OF THE INSTITUTIONS.

THE QUESTION OF THE FUNCTIONING OF THE INSTITUTIONS SHOULD BE EXAMINED AT SEVERAL OPERATIONAL LEVELS, WHILE RESPECTING THE GENERAL BALANCE BETWEEN INSTITUTIONS:

...../.....

COREU DIPLO DUBLIN
FIN DE 1/2

YYYY

RESTRICTED
FROM DUBLIN COREU
TO ALL COREU IMMEDIATE DESK BY 15H.00

CPE PRES DUB 557
15.06.90 13.00
PART 2/2

- THE EUROPEAN PARLIAMENT: (CF. POINT 3 ABOVE)

- THE COUNCIL: IMPROVING THE DECISION-MAKING PROCESS INTER ALIA
BY ENLARGING THE FIELD COVERED BY QUALIFIED MAJORITY VOTING;
CENTRAL COORDINATION THROUGH THE GENERAL AFFAIRS COUNCIL:
CONCENTRATION AND RATIONALISATION OF COUNCIL WORK IN GENERAL,

- THE COMMISSION: THE NUMBER OF ITS MEMBERS AND STRENGHTENING
OF ITS EXECUTIVE ROLE WITH REGARD TO IMPLEMENTING COMMUNITY
POLICITIES

- THE COURT OF JUSTICE: INTER ALIA AUTOMATIC ENFORCEABILITY
OF ITS JUDGEMENTS WHERE RELEVANT:

- THE COURT OF AUDITORS: THE STRENGTHENING OF ITS ROLE IN ENSURING
SOUND FINANCIAL MANAGEMENT

- MEMBERS STATES: ENSURING THE IMPLEMENTATION AND OBSERVANCE
OF COMMUNITY LAW AND EUROPEAN COURT JUDGEMENTS.

IN ADDITION, CONSIDERATION SHOULD BE GIVEN TO A REVIEW OF THE
DIFFERENT TYPES OF LEGAL INSTRUMENTS OF THE COMMUNITY AND THE
PROCEDURES LEADING TO THEIR ADOPTION.

5. UNITY AND COHERENCE OF THE COMMUNITY'S INTERNATIONAL ACTION

IN ACCORDANCE WITH THE CONCLUSIONS REACHED BY THE EUROPEAN COUNCIL

AT DUBLIN ON 28 APRIL 1990, THE COMMUNITY WILL ACT AS A POLITICAL ENTITY ON THE INTERNATIONAL SCENE.

THE PROPOSAL FOR A COMMON FOREIGN AND SECURITY POLICY WHICH TAKES ACCOUNT OF THE COMMON INTEREST OF THE MEMBER STATES, AND WHICH INSTITUTIONALLY GOES BEYOND POLITICAL COOPERATION AS IT CURRENTLY FUNCTIONS, RAISES A NUMBER OF QUESTIONS, IN PARTICULAR THE FOLLOWING:

A) SCOPE

France Ireland
- THE INTEGRATON OF ECONOMIC, POLITICAL AND SECURITY ASPECTS OF FOREIGN POLICY
- THE DEFINITION OF THE SECURITY DIMENSION

- THE STRENGTHENING OF THE COMMUNITY'S DIPLOMATIC AND POLITICAL ACTION VIS A VIS THIRD COUNTRIES, IN INTERNATIONAL ORGANISATIONS AND IN OTHER MULTILATERAL FORA

- THE EVOLUTION OF THE TRANSFER OF COMPETENCES TO THE UNION, AND IN PARTICULAR THE DEFINITION OF PRIORITY AREAS WHERE TRANSFER WOULD TAKE PLACE AT AN INITIAL STAGE.

B) DECISION-MAKING

- USE OF THE COMMUNITY METHOD (IN FULL OR IN ADAPTED FORM) AND/OR A SUI GENERIS METHOD BEARING IN MIND THE POSSIBILITIES OFFERED BY THE EVOLUTION OVER TIME OF THE DEGREE OF TRANSFER OF COMPETENCE TO THE UNION, REFERRED TO ABOVE

- THE COMMISSION'S ROLE, INCLUDING THE FACULTY OF LAUNCHING INITIATIVES AND PROPOSALS

- ESTABLISHMENT OF A SINGLE DECISION-MAKING STRUCTURE, CENTRAL ROLE OF THE GENERAL AFFAIRS COUNCIL AND THE EUROPEAN COUNCIL IN THIS CONTEXT, PREPARATORY BODIES, THE ORGANISATION AND STRENGTHENING OF THE SECRETARIAT,

- MODALITIES AIMED AT ENSURING THE NECCESARY FLEXIBILITY AND EFFICIENCY TO MEET THE REQUIREMENTS OF FORMULATION OF FOREIGN POLICY IN VARIOUS AREAS, CONSIDERATION OF DECISION PROCEDURES INCLUDING THE CONSENSUS RULE, VOTING PRACTICES INVOLVING UNANIMITY, WITH ABSTENTIONS, AND QUALIFIED MAJORITY VOTING IN SPECIFIC

AREAS.

C) IMPLEMENTATION

THERE IS A RECOGNISED NEED FOR CLEAR RULES AND MODALITIES FOR THE IMPLEMENTATION OF THE COMMON FOREIGN POLICY: THE FOLLOWING ARE TO BE EXAMINED IN THIS CONTEXT:

- ROLE OF THE PRESIDENCY, (AND OF THE TROIKA), AND OF THE SECRETARIAT,

- ROLE OF THE COMMISSION

- THE ROLE OF NATIONAL DIPLOMATIC SERVICES IN A STRENGTHENED COLLABORATION.

COREU DIPLO DUBLIN
FIN DE TEXTE./.

YYYY

DISTRIBUTION 265

MAIN 259

.COREU
.MEETINGS OF FOREIGN MINISTERS
.AND THE POLITICAL COMMITTEE
LIMITED
ECD(E)
ECD(I)
FED
MED
NENAD
RMD
RID
UND
LEGAL ADVISERS
WED
SAFD
DEFENCE D
ACDD
FID
ESED
NPD
MCAD
SAMD
CSCE UNIT
POD
PS
MR P J WESTON
MR N BAYNE
MR BROOMFIELD
MR TOMKYS
MR MCLAREN

041313
MDHIAN [illegible]4

CAFD	MR SLATER
EAD	MR KERR
WAD	MR GORE-BOOTH
EED	MR GREENSTOCK
JAU/EED	MR TAIT
SCD	MR FAIRWEATHER
PLANNERS	MR BEAMISH
PUSD	MR GOULDEN
NEWS D	MR M FRASER
SOVIET D	MR BURNS
SED	MR LANKESTER ODA
AMD	MR AINSCOW, ODA
SAD	MISS R SPENCER
SEAD	

ADDITIONAL 6

COREU MEETINGS FOREN MINS&POCO

NNNN

COMMISSION
OF THE
EUROPEAN COMMUNITIES

100 RUE DE LA LOI
1049 BRUSSELS
TEL 02 235 11 11

The President

Brussels, 15 June 1990
SG(90)D/4510

Dear Douglas,

Thank you for your letter of 9 May about improvements in the working of the Community and, in particular, about the implementation of Community decisions.

I was very glad to see that we share the view that there is a desire in the Community to strengthen the institutions and to carry forward the successful process of European construction. We are very satisfied also that the United Kingdom will play a full and constructive role in the tasks ahead and come forward with its own suggestions for improvements.

It is indeed evident that, following the very considerable progress we have made on the legislative framework for the internal market and the accompanying policies, this is the moment to redouble our efforts to make sure that the decisions we have taken are fully and correctly implemented at national level and that, where there are judgments of the European Court of Justice, these are fully and quickly respected. I note with satisfaction the importance which the United Kingdom attaches to the application of Community law. As you know, the Commission has made a special effort in this part of our work, particularly in the recent period and I am gratified at your comments on our work in this field.

The Commission's periodic report on the establishment of the single market, which covers both the adoption of Community rules and regulations and their enforcement by the Member States, also touches on the areas - transport, telecommunications, agriculture and so on - to which you refer. In addition, however, the Commission publishes an annual report on the implementation of Community law which covers all

The Right Hon. Douglas Hurd, CBE, MP
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

the Community's policies. We are actively considering a new way of tackling this report which should lead to a more specific, sector-based approach, thus taking up the substance of your suggestion. I would be quite ready to refer to these questions at the European Council planned for the end of this year, if the Italian Presidency thought this appropriate.

In the perspective of the single market, the Commission feels that the proper course is to make the implementation of directives as transparent as possible and to give greater prominence to the efforts made by the individual Member States. I am pleased that the steps already taken in this direction have increased Member States' awareness, as the 1992 deadline draws closer, of the need to speed up the transposition of directives into national law. Following the publicity on these issues, there has clearly been some progress, particularly in some Member States where there had been special problems.

Yours sincerely,

Jacques DELORS

77c

Foreign and Commonwealth Office

London SW1A 2AH

must 120/9

From the Secretary of State

5 MAY 1990

9 May 1990

Dear Jacques,

We agreed at Dublin that work should start on analysing what political union in the Community should cover. Despite the many other important tasks which we have on our agenda, to which you drew attention in your press conference on 26 April, there is clearly a desire in the Community to see how we might strengthen our institutions and carry forward the process of European construction.

As we agreed in Dublin, an important part of this task will be for Foreign Ministers to examine the need for possible Treaty change to make the Community more efficient and effective. We will participate fully and constructively in that work, and as Margaret Thatcher has made clear, we will certainly come forward with our own suggestions in due course.

Fundamental to the process of European construction must be the principle that decisions taken at Community level are faithfully implemented at national level. As you recognise, Britain's record in this respect is exemplary. But there is across the Community a wide gap between what member states have agreed to, and what they have done. We owe it to our citizens to remove this gap between aspiration and reality.

M. Jacques Delors

Treaty changes to facilitate this may be desirable. We are likely to make some such proposals. But we would open ourselves to damaging criticism if we failed to take those steps which are open to us now within the Treaty to accelerate this aspect of European construction.

I have no doubt that the Commission's decision to publish six-monthly reports on implementation of the Single Market programme has started to improve performance elsewhere in the Community. That was an admirable initiative. I now propose that, as a further step, you extend this practice to all areas of EC legislation. Six-monthly reviews in the transport, telecommunications, energy, environment, industry, fisheries, agriculture, social and ECOFIN Councils would significantly enhance the effectiveness of Community decision-making. I suggest that in order to show the importance which we all attach to this, after such reviews in these Councils, you should make an overall report at the end of each Presidency so that the European Council can review progress. Our next European Council meeting in Dublin next month is probably too soon for the first such review, but I hope that this practice can be well established by 1 January 1991. I am thinking of a series of reviews during the Italian Presidency with the first full review at the European Council at Rome in December 1990.

I understand the Commission has also been considering ways of monitoring implementation in other sectors too; for example through its recent proposal that member states should refer in national implementing

/legislation

legislation to the relevant Community directive. I welcome the intention to achieve greater transparency in this field and I hope that an arrangement can be worked out which overcomes any practical obstacle.

I have discussed these ideas with Margaret Thatcher, and we see them as an important means for giving the Community the firm foundation in actual accomplishments which we shall need in this next stage of European construction.

Best wishes Yours

Douglas Hurd

DOUGLAS HURD

The President
of the European Parliament

Mr Arthur ECD (1)

cc PS
PS/Mr Maude
Mr Bayne
Mr Weston
Mr Kerr
Heads ECD (E)
Planners
News
PRN
Special Advisers

15.VI.90 16998

The Rt. Hon. Douglas HURD, CBE, MP,
Secretary of State for Foreign and
Commonwealth Affairs,
Foreign and Commonwealth Office,
LONDON SW1A 2AH.

Dear Secretary of State,

RE [illegible] 19/vi

Thank you for your letter of 9 May concerning political union in the context of the mandate given to the Foreign Ministers at the special summit in Dublin on 28 April to report back to the European Council on the need for possible Treaty changes. I was also pleased to note the recognition in your letter of the key role of the European Parliament in this process.

The Parliament welcomed the consensus which emerged from the first Dublin summit with regard not only to the efficient operation of the Institutions, and the resulting specific "procedural point" which you raise, but also to the holding of a second intergovernmental conference on Political Union in parallel with that on Economic and Monetary Union. You will recall that in my address to the last European Council I made the point that we must work together to resolve the different aspects of the objective of political union, and that the IGC should be prepared by the Ministers working together with the Commission and the European Parliament. A useful start on this joint preparation was made at the interinstitutional preparatory conference held in Strasbourg on Thursday 17 May, and we look forward to building on those discussions in a positive and practical manner over the coming months. You will also be aware that at its July plenary session we will be holding a major debate on institutional questions, on the basis of reports by Mr Martin, Mr Colombo and Mr Giscard d'Estaing, which will represent a further significant contribution to the ongoing dialogue between the Institutions and the Governments of the Member States on these matters.

With regard to your specific point, I certainly share your view as regards the need to improve control over the enforcement of all areas of Community legislation. Such an objective would follow logically from the existing procedure whereby Parliament delivers an annual report, which is voted in plenary, on the Commission's annual report on the application of Community law. I have therefore referred your idea to Parliament's Legal Committee with a view to deciding on the most appropriate way of following up this useful suggestion.

Thank you again for letting me have your initial views on these questions, which I have no doubt we will be developing further in the months ahead in order to give practical expression to our common commitment, as restated by the European Council in Dublin on 28 April, to political union and securing the means for an effective and efficient response by the Community Institutions to the challenges facing us.

Yours sincerely,

Enrique BARON CRESPO

770

Foreign and Commonwealth Office

London SW1A 2AH

must 120/9

From the Secretary of State

5 MAY 1990

9 May 1990

L I K

Dear Mr. President,

At the Dublin Special Summit on 28 April we took an important step forward in deciding to analyse what political union should cover, and to report back to the European Council in June on what possible Treaty changes might be necessary. I was most interested to hear your own contribution in Dublin.

One of the areas of key importance to us of course will be the work of the European Parliament and the key role you have to play within the institutional structure. The consensus at Dublin was that the Community should operate effectively and efficiently. One procedural point flows immediately from that, where I think the European Parliament can make a very valuable contribution.

We attach particular importance to implementation and enforcement of agreed measures at the national level. The Commission's decision to publish six-monthly reports on the implementation of Single Market measures has done much to increase awareness of this important issue throughout the Community. I am glad to see that the most recent Commission report of 20 March reflects the success of the British Single Market implementation programme.

Sr Enrique Baron Crespo

I believe we now need to extend and strengthen the mechanisms of the Community institutions for monitoring implementation in areas beyond the Single Market programme. I have written to the President of the Commission proposing that the Commission should extend its practice of six-monthly reporting to all other areas of EC legislation. I believe this would help improve both the efficiency and the public image of the Community.

You may like to consider whether the European Parliament should have a role too. I have in mind, for example, the value to us all if there were regular debates on implementation of legislation in all sectors. This is of course a matter for the Parliament not for a member state, but I thought I might put this idea to you given that we talked about the working of the EC institutions when you were in London, and the mood at Dublin was clearly to move in the direction of greater efficiency.

Yours ever

Douglas Hurd.

DOUGLAS HURD

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

EHG(D) 2

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

EMU

OBJECTIVES

- Secure procedural, not substantive, conclusions.

- Explain UK's ideas on institutional developments beyond Stage 1.

- Stress need for further preparatory work, in run-up to IGC.

OPENING SPEAKING NOTE

- Presidency's report useful stocktaking. Clearly preparatory work should continue under ECOFIN auspices: a wide range of substantive issues remain unresolved.

- On the economic side, considerable agreement that future arrangements should be based on cooperation between member states. UK could not accept binding rules on size of budget deficits. But we can support rules against monetary financing of deficits, prohibiting unconditional bail-out of individual member states and binding rules for surveillance procedures.

- On the monetary side, UK's fundamental reservations about plans involving a single currency, single monetary currency, and single monetary institution are well known. They are both political and economic.

- Politically, the proposed EUROFED would not be accountable to national Parliaments and Governments, yet Parliaments and electorates would look to national Governments to ensure national economic well being.

- Economically, the single monetary policy and single monetary authority that is proposed would not in our view deliver the economic and inflation performance that we want and the Community needs.

- But that does not mean that some form of EMU is not desirable. It clearly is. We in London have been reflecting on how best the Community should proceed, and I would stress the importance of the ideas which the Chancellor of the Exchequer floated last week in a speech to the German Industry Forum. These ideas:

  * are constructive;

  * support the idea of gradualist/evolutionary change;

  * work with the grain of the market;

  * respect the principle of subsidiarity;

  * would strengthen the forces making for price stability.

- What we are proposing, in essence, is the establishment of a European Monetary Fund which would:

  * issue and manage the "hard ecu": a new, international currency which would co-exist alongside the existing currencies of the 12 member states, and would never devalue against any of them;

  * engage in a range of other financial activities, on behalf of the Community, including management of the ERM, coordination of member states intervention against external currencies, and administration of any

medium-term balance of payments support lending which the Community engages in.

- The hard ecu would be an attractive currency initially for businesses and travellers and, in time, it could become more widely used: a common currency for Europe. In the very long-term, if peoples and Governments so choose, it could develop into a single currency. But that is a decision we should not take now.

- I would make one further point. Convergence of economic performance - particularly on inflation - is a precondition for substantial progress on EMU. Without greatly increased convergence, monetary union simply would not work, and a premature attempt to implement it would be unsustainable, leading not to unity but to disunity.

- There is talk of the Community moving at different speeds. I believe many in the Community do not want that to happen. It would go against the whole objective of achieving closer monetary and economic integration, building on our Community single market.

- The steps we propose have the advantage of retaining choice, diversity and flexibility. I believe they represent a practical and sustainable way forward for the whole Community.

- I trust that in the run-up to the IGC in December, our ideas will be scrutinised carefully by Finance Ministers and the supporting Committees, including the Commission of central Bank Governors.

References: A: Presidency Note on EMU.
B. UKREP telno 171, reporting on FAC, 18 June.
C. Chancellor's speech of 20 June to German Industry Forum.

BACKGROUND

1. The Note from the Presidency on EMU is generally acceptable, and has taken in most of the points made by Mr Hurd at FAC on 18 June. However, there are two rather unsatisfactory aspects of the report:

- para 4 notes that the discussions at Ashford Castle revealed a "widespread agreement on the overall design of the [EMU] system". Both the Dutch Foreign Minister and Mr Hurd criticised this wording at FAC. But note that the following sentence reads:

  "On the monetary side most Ministers agree that there is a need for a single monetary policy.....";

- para 6 states that: "the ECOFIN Council have also given consideration to the problems of transition and will continue their examination of this issue." This ignores the fact that ECOFIN have been examining a much wider range of issues than simply the "transition". However, to criticise this wording explicitly would run the risk of undermining our own proposals for an EMF, which many member states may choose to regard as part of the transition to Stage 3.

2. Views of other member states on the Presidency Note are given in UKREP telno 171.

3. On the UK ideas floated by the Chancellor on 20 June separate Q/A briefing is available.

4. At the FAC on 18 June, Delors made some helpful remarks criticising the "provocative" views of Poehl of a two-speed EMU. Less helpfully, he took issue with those who said that preparation for the IGC had not been full and adequate. He indicated that there were six issues which needed to be discussed by the IGC, but could not in his view be decided in advance of the Conference. It is worth recording the state of progress on each of these to demonstrate that the Community divides into different groups on various of them.

(a) ***Should there be a single monetary policy?*** It appears that all other 11 member states support the Delors Report conception of Stage 3, ie a single central bank, a single currency and a single monetary policy. But it is possible that this united front may begin to break down: many of the most difficult issues it raises (eg convergence, accountability) have barely been discussed. And also clear that many member states (eg Italy, Spain) resented bitterly the recent attempt by Poehl to promote a two-speed system.

(b) ***What should be done on the economic side?*** Delors commented that this could only be decided in the IGC. That is obviously correct, but should not be taken to imply that further preparatory work need not be done. There has already been much discussion of these issues - particularly on budgetary policy rules, where a broad measure of agreement has been reached on the rules which might be appropriate (though the Germans and Dutch still appear to hanker after binding rules on budget deficits). The new arrangements for improved multilateral surveillance seem to be working reasonably well; and there is general agreement that they could be strengthened further as the EC moves beyond Stage 1. A range of questions concerning the Community's medium-term balance of payments support lending (and the particular case of Greece) has not yet been resolved. The concept of promoting greater economic convergence (particularly on inflation) is central to our view of progress on EMU: there has been some discussion of this in Monetary Committee and

ECOFIN, but much further work needs to be done. Southern member states (and Ireland) continue to press the need for greater social and economic cohesion.

(c) ***How should economic and social cohesion be dealt with?*** The Economic Policy Committee are pledged to report to ECOFIN on this by September. The southern member states use the concept of cohesion as a euphemism for greater regional/structural fund transfers to them through the Community budget. The UK views - supported in varying degrees by the Northern member states - are well known: that regional support is already massive (a doubling of the structural funds by 1993); and that the creation of a single market should, in any case, help to reduce income inequalities between the richer and poorer regions of the Community. The danger is that the French and Germans may use the promise of increased budget support for other Southern member states as a lure to gain their acceptance to EMU.

(d) ***How should democratic accountability be assured?*** This divides into a range of questions: what is accountability and to whom? What should be the role of the various institutions - Council, Commission and European/national Parliaments? There has been little substantive discussion within the Community, and no signs of an emerging consensus as yet.

(e) ***Should there be a second stage?*** Some, (eg Poehl) argue for a long Stage 1, followed by a leap to full EMU, partly because the Germans see a Stage 2 on Delors Report lines - with new institutions created, but not yet in charge - as inherently unstable. The Delors Report's Stage 2 certainly is unacceptable vague, but to argue for no Stage 2 is unrealistic unless one envisages - as Poehl does - that the leap to Stage 3 would be taken at first by only six countries. The Chancellor's new proposals should revive interest in post-Stage 1 developments which would not be unstable. The Monetary Committee are preparing a paper which will consider various options for the second stage: our ideas can now be fed in.

(f) *Role of the ECU?* A central aspect of our new proposals which, we should emphasise, avoid the usual criticisms of parallel currencies - because they will not expand the money supply or undermine national monetary control.

EC Group
HM Treasury
21 June 1990

EUROPEAN COMMUNITIES
THE COUNCIL

Brussels, 20 June 1990

Pl fax to:
Mr N. White HMT
Mr M. Arthur FCO

7342/90
RESTREINT
UEM 12

cc Sir D Hannay
Mr de Fonblanque
Mr Neilson
self.

NOTE FROM THE PRESIDENCY

to : European Council
(Dublin, 25/26 June 1990)

Subject: Report to the European Council on Economic and Monetary Union

Please find attached a Presidency report setting out the outcome of the discussions on Economic and Monetary Union held by Finance Ministers in Ashford Castle (30 March 1990) and Luxembourg (11 June 1990) and by Foreign Affairs Ministers in Parknasilla (19/20 May 1990) and Luxembourg (18/19 June 1990).

ANNEX

Report from Presidency to European Council

Subject : Preparation for Inter-Governmental Conference on EMU

1. The European Council in Madrid on 25-26 June 1989 asked the competent bodies

"a) to adopt the provisions necessary for the launch of the first stage (of EMU) on 1 July 1990,

b) to carry out the preparatory work for the organisation of an Inter-Governmental Conference to lay down subsequent stages: that Conference would meet once the first stage had begun and would be preceded by full and adequate preparation".

next stage

The European Council in Strasbourg on 8-9 December 1989

"emphasised the need for the Council (General Affairs) and the ECOFIN Council to use the period prior to the opening of the Conference to ensure the best possible preparation. The proceedings as a whole will be examined by the Council (General Affairs) in preparation for the European Council in Dublin."

The special meeting of the European Council in Dublin on 28 April 1990 concluded that

"the preparations for the Inter-Governmental Conference on EMU which are already well advanced will be further intensified with a view to permitting that Conference, which will open in December 1990, to conclude its work rapidly with the objective of ratification by Member States before the end of 1992".

This note responds to these wishes of the European Council and sets out progress to date.

2. At their meeting on 12 March 1990, the ECOFIN Council formally adopted the Decisions necessary to the succesful accomplishment of the Stage I of EMU. These were

- Council Decision on the attainment of progressive convergence of economic policies and performance during Stage one of EMU,

- Council Decision on co-operation between the Central Banks of Member States.

3. The ECOFIN Council, on 11 June 1990, conducted its first exercise in surveillance in accordance with the terms of the new Convergence Decision. The Council had an open, frank and wideranging discussion on the economic situation in the Community. It identified the principal problem areas and agreed that some modifications in economic policies were desirable in all Member States. In several Member States, however, more substantial changes were necessary if convergence is to be achieved. The Council agreed to undertake its next in-depth surveillance examination towards the end of 1990 or at the beginning of 1991.

4

4. Having regard to the European Council's conclusions that Economic and Monetary Union must be seen in the perspective of the completion of the internal market and in the context of economic and social cohesion and that it should be based on the principles of parallelism, subsidiarity and diversity, ECOFIN Ministers had substantive exchanges of views on EMU at their informal meeting in Ashford Castle at end-March 1990 and at their June meeting in Luxembourg. These discussions were based on

- Commission papers concerning the economic rationale and design of the system and its institutional aspects and
- reports from the Committee of Governors of Central Banks, the Monetary Committee, the Economic Policy Committee and the Permanent Representatives Committee.

The discussions revealed a widespread agreement on the overall design of the system :

- on the monetary side, most Ministers agreed that there is a need for a single monetary policy geared towards price stability in support of the general economic policy set at Community level. To this end, they considered that it would be necessary to establish an independent and federally-structured central banking institution, which is democratically and politically accountable. While details of the structure of this institution remain to be settled, there was general agreement that its governing Council should operate on the principle of "one-person, one-vote".

Decision by simple majority

- on the economic side, they considered that, while there is no need to create a new institution, it is, nevertheless, necessary to provide for close co-operation between Member States on macro-economic and budgetary policies. To the latter end, it should contain rules and procedures designed to ensure budgetary discipline, including rules proscribing the monetary or compulsory financing of budget deficits and the automatic bailing-out by the Community of a single Member State in difficulty. At the level of the Member States and the Community, the system should also embrace policies to promote cohesion, efficiency and co-operation across the Community.

5. Furthermore, there was broad agreement that the ECOFIN Council should have a central role in determining and operating the procedures necessary first to achieve, and then to maintain, the convergence of economic policies in the Community and that the institutional arrangements for EMU should be designed to reflect this.

6. The ECO/FIN Council have also given consideration to the problems of transition and will continue their examination of this issue.

7. Foreign Affairs Ministers discussed Economic and Monetary Union, including its institutional aspects, at their informal meeting at Parknasilla on 19/20 May and at the General Affairs Council on 18/19 June. They considered that the way in which the general institutional structure of Political Union is designed could have a bearing on the institutional aspects of Economic and Monetary Union, including its external aspects. They agreed that it was necessary that Foreign Ministers should continue their work on Economic and Monetary Union in view of the forthcoming conference and, inter alia, to provide the necessary link between the two conferences.

RESTRICTED
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 171
OF 181517Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS

FRAME ECONOMIC

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE 1990
PREPARATION FOR EUROPEAN COUNCIL: EMU

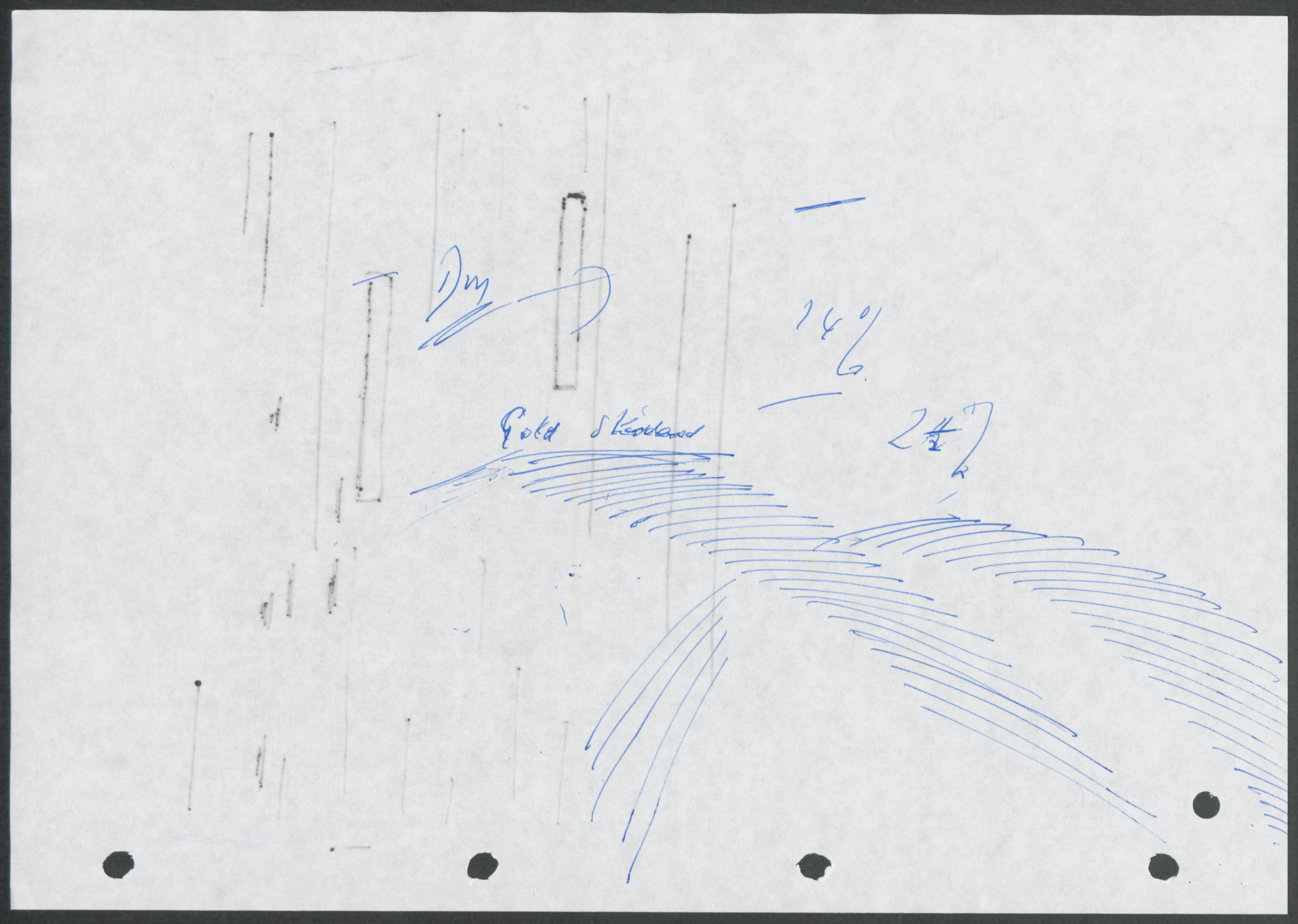
SUMMARY

1. PRESIDENCY TO AMEND THE PAPER ON EMU FOR THE EUROPEAN COUNCIL TO TAKE ACCOUNT OF COMMENTS. YOU MADE CLEAR THE NEED TO COVER OUR RESERVATION ON THE CONCLUSIONS OF THE ASHFORD CASTLE MEETING. DELORS SUPPORTED BY DUMAS WAS PROVOKED INTO A LENGTHY DIATRIBE ABOUT THE IMPOSSIBILITY OF FURTHER PROGRESS BY THE ECOFIN COUNCIL.

DETAIL

2. VAN DEN BROEK (NETHERLANDS) SAID HE WAS UNHAPPY WITH THE REFERENCE IN PARA. 4 TO ''WIDESPREAD AGREEMENT ON THE OVERALL DESIGN OF A SYSTEM''. HE DID NOT AGREE WITH THE FIRST SENTENCE OF PARA. 5. MONETARY POLICY SHOULD BE GEARED TOWARDS PRIACE STABILITY WITHOUT FURTHER QUALIFICATION. THE SENTENCE SHOULD READ ''... A SINGLE MONETARY POLICY GEARED TOWARDS PRICE STABILITY. SUBJECT TO THE FOREGOING, MONETARY POLICY SHOULD ACT IN SUPPORT OF GENERAL ECONOMIC POLICY.'' A REFERENCE TO SUBSIDIARITY SHOULD BE INCLUDED IN PARAGRAPH 7 AND IN PARAAGRAPH 6 IT SHOULD BE MADE CLEAR THAT ALL BAILING OUT, NOT JUST AUTOMATIC BAILING OUT, SHOULD BE PROSCRIBED.

3. PINHEIRO (PORTUGAL) THOUGHT PRICE STABILITY WAS A MEANS TO ECONOMIC AND SOCIAL PROGRESS, NOT AN END IN ITSELF. THERE SHOULD BE REFERENCES TO THE EQUITY PRINCIPLE, TO THE NEED FOR THE TWELVE TO PROGRESS TOGETHER AND GREATER EMPHASIS ON THE ROLE OF THE EUROPEAN COUNCIL. SAMARAS (GREECE) WANTED THE REPORT TO INCLUDE REFERENCES TO PARALLELISM, SUBSIDIARITY AND DIFFERENTIATION. A TWO-SPEED EUROPE WOULD BE A SETBACK. EMU WOULD NOT BE VIABLE WITHOUT CONVERGENCE, WHICH REQUIRED STRONGER COORDINATION AND COHESION AND A LARGER COMMUNITY BUDGET. THE FOREIGN AFFAIRS COUNCIL SHOULD HAVE A STRONGER



COORDINATING ROLE ON THIS SUBJECT AND RESPONSIBILITY FOR THE ISSUE OF DEMOCRATIC CONTROL OF THE ECSB.

4. YOU SAID THE PRESIDENCY PAPER WAS A USEFUL STOCKTAKING. YOU AGREED WITH VAN DEN BROEK ON THE NEED FOR THE PAPER TO ACKNOWLEDGE OUR RESERVATION AT ASHFORD CASTLE. PARA. 5 SHOULD REFER TO MOST MINISTERS BEING BROADLY AGREED. YOU ALSO THOUGHT IT WOULD BE USEFUL TO INCLUDE A REFERENCE TO SUBSIDIARITY. FERNANDEZ ORDONEZ (SPAIN) SAID THERE HAD BEEN MORE PROGRESS ON THE MONETARY THAN THE ECONOMIC SIDE. MORE WORK WAS NEEDED ON STRUCTURAL POLICIES AND COHESION. HE AGREED WITH PINHEIRO THAT PRICE STABILITY WAS A MEANS NOT AN END. THE FAC SHOULD DEAL WITH THE CONTROL OF THE CENTRAL BANK. DIFFERENT RATES OF PROGRESS AND DIFFERENT TRANSITIONAL PERIODS, AS IN THE CASE OF THE EMS, SHOULD NOT BE RULED OUT. MRS ADAM-SCHWAETZER (FRG) SAID THE PAPER PROVIDED A BASIS ON WHICH AGREEMENT COULD BE REACHED ABOUT THE SETTING UP OF THE IGC AT THE ROME EUROPEAN COUNCIL. BUT MUCH TECHNICAL WORK WOULD BE NEEDED IN 1991 IF RATIFICATION AT THE END OF 1992 WAS TO BE ACHIEVED. THERE SHOULD BE MORE PREPARATORY WORK IN THE RUN UP TO THE ROME EUROPEAN COUNCIL BY A SEPARATE BODY FROM THAT CONSIDERING THE POLITICAL UNION IGC.

5. DELORS (COMMISSION) DISAGREED WITH REFERENCES TO A TWO-SPEED EUROPE. THERE WAS A DANGER OF CONFUSING TWO CONCEPTS. IT WAS POSSIBLE THAT SOME MEMBER STATES WOULD REFUSE PARTICIPATION IN A COMMON POLICY IN WHICH CASE THERE WOULD BE VARIABLE GEOMETRY BUT HE COULD NOT ACCEPT THE PERJORATIVE CONNOTATIONS OF TWO-SPEED EUROPE. POEHL'S REMARKS HAD BEEN PROVOCATIVE. ALTERNATIVELY SOME MEMBER STATES MIGHT NEED TRANSITIONAL PERIODS: THIS WAS A WELL-TESTED DEVICE, WHICH DID NOT IMPLY A TWO-SPEED EUROPE EITHER. HE ALSO TOOK ISSUE WITH THOSE WHO SAID THAT PREPARATION HAD NOT BEEN FULL AND ADEQUATE. THERE WAS NO FURTHER SCOPE FOR PROGRESS BY FOREIGN MINISTERS. THERE WERE SIX ISSUES WHICH NEEDED TO BE DISCUSSED BY THE IGC:

(A) SHOULD THERE BE A SINGLE MONETARY POLICY? ONE MEMBER STATE WAS HESITATING.

(B) WHAT SHOULD BE DONE ON THE ECONOMIC SIDE? THIS COULD ONLY BE DECIDED IN THE IGC.

(C) HOW SHOULD ECONOMIC AND SOCIAL COHESION BE DEALT WITH? THE COMMUNITY WOULD BE REVIEWING ITS POLICIES ON COHESION IN 1992.

(D) HOW SHOULD DEMOCRATIC ACCOUNTABILITY BE ASSURED? THIS WAS NOT A TECHNICAL MATTER.

(E) SHOULD THERE BE A SECOND STAGE? THIS WAS A POLITICALLY EXPLOSIVE ISSUE AND THERE WAS NO POINT IN DISCUSSING IT IN ADVANCE OF THE IGC.

(F) THE ROLE OF THE ECU? THIS WAS DIVISIVE AND HE AGAIN SAW NO

PROSPECT OF PROGRESS OUTSIDE THE IGC.
FOR THESE REASONS HE FAVOURED DELETING PARA. 8 OF THE PAPER REFERRING TO FURTHER DISCUSSION WITH A VIEW TO FULL AND ADEQUATE PREPARATION.

6. DUMAS (FRANCE) ALSO THOUGHT PARA. 8 OF THE PAPER SHOULD BE DROPPED. THERE WAS NO MORE FOR ECOFIN TO DO. HE THOUGHT THE PAPER MADE TOO CLEAR A DISTINCTION BETWEEN THE MONETARY AND ECONOMIC SECTIONS: THE TWO SUBJECTS SHOULD BE LINKED. IT ALSO SAID TOO LITTLE ABOUT THE INSTITUTIONAL ASPECTS. IT WOULD BE FOR FOREIGN MINISTERS TO PICK UP THESE ISSUES AND EXAMINE THE LINKS BETWEEN THEM AND THE POLITICAL UNION IGC. VAN DEN BROEK SAID HE WOULD WANT TO RETAIN PARAGRAPH 8 AND REPEATED HIS PROPOSED AMENDMENT TO PARAGRAPH 5. COLLINS SAID THE PRESIDENCY WOULD CONSIDER ALL THE COMMENTS MADE AND WOULD REVISE THE PAPER FOR THE EUROPEAN COUNCIL. HE NOTED IN PARTICULAR THE NEED FOR FOREIGN MINISTERS TO PROVIDE A LINK BETWEEN THE TWO IGCS.

CAMPBELL

YYYY

DISTRIBUTION 193

MAIN 192

.FRAME ECONOMIC ECD (I) [-]

ADDITIONAL 1

FRAME

NNNN

chex.jp/mw/4

(Embargoed until 9.00 pm.)

CHANCELLOR'S SPEECH TO GERMAN INDUSTRY FORUM: 20 JUNE 1990

ECONOMIC AND MONETARY UNION: BEYOND STAGE 1

Tonight, I want to deal with one of the most important issues on the current political agenda: the future of economic and monetary union in Europe. It is a hugely controversial subject, but I know of no other that is of such importance to the future direction and influence of the Community.

2. The Delors Report on EMU, with its 3 stage model, is at the centre of that debate but it does not present a universally acceptable prescription for the future and certainly cannot be the final word. But although we have substantial objections to the Delors prescription, that does not mean that we cannot make progress. I believe we can, and will - and I don't just mean on Stage 1.

3. Of course Stage 1 is vitally important. It starts in ten days' time, and will entail the construction of a Single Financial Area in the Community, with a single market in all financial services, and wholly free movement of capital. That is a massive task - by any yardstick - which will mean an enormous amount of hard work for many people. But it is a task to which we in the UK are wholly committed. And our commitment is not merely expressed in words, but also - and more importantly - in deeds. A Commission report at the end of March found that the UK and Germany lead the rest of the Community in this respect, the UK having enacted all but 9 of the single market measures due for implementation by then, and Germany all but 11. Some other member states have as many as 30 or even 50 measures outstanding. I need hardly make the obvious point that we need faster progress than that.

4. Stage 1 also involves the completion of the exchange rate mechanism. The UK is firmly committed to taking

sterling into the exchange rate mechanism of the EMS. This we shall do, as I have made plain on innumerable occasions, when our well-known conditions are met. I restate that commitment yet again.

5. But the starting point for my remarks tonight is a world where Stage 1 is in place. For the debate about what comes then is moving rapidly forward. In a few months' time the economic and monetary inter-governmental conference will begin. That is a perilously short time when the Community is so far from reaching agreement on the practical steps needed to develop the Community's institutions. We need to debate these matters fully and constructively and reach conclusions that take all of Europe's nations forward together. Tonight I would like to indicate some fresh developments in our thinking.

6. Our approach builds on the paper I published last November that set out principles which should guide the future development of economic and monetary integration in the Community. We believe that any change:

- should be gradual and evolutionary;
- should work with the grain of markets;
- should respect the principle of subsidiarity - namely that functions should not be carried out at Community level when they can satisfactorily be carried out at national level;
- and we believe that any change should strengthen the forces making for stable prices.

7. We do not believe the ideas currently being worked on meet these criteria and we continue to have fundamental reservations about them. The core of our concern is that a

Central Community Bank - a Eurofed - would not be accountable to elected Governments even though the electorate would look to these Governments to ensure their economic wellbeing. The British House of Commons recently made it quite clear that the lack of accountability in what is proposed is unacceptable. Moreover we do not believe that the single monetary policy and the single monetary authority that are envisaged would deliver the economic performance and inflation performance that the Community will need in the future.

8. These are significant disadvantages that cannot lightly be brushed aside. But this does not mean that some form of EMU is not desirable - it clearly is - or that there are not other - better - ways of achieving convergence and low inflation, throughout Europe. And this could well involve institutional and currency development. That is the theme of the ideas I shall be putting forward tonight.

9. In particular they address the very practical question of where the Community should be looking to go once Stage 1 has been completed. It is generally recognised that this is one of the weaker points in the current debate. But it is a no less crucial question for that. For this reason, I have to say I view with concern recent suggestions from some quarters that the Community could do without Stage 2 altogether. I do not think that is practical.

10. It may well be that this latest outbreak of Big-Bangism has been triggered by events in Germany, where a very rapid transition to monetary union is envisaged. We all, of course, welcome the momentous changes in Germany. But we must beware of drawing false parallels with events on the broader European canvas. What is happening in German monetary union is that a large and healthy economy, and a strong currency, is absorbing the declining economy and weak currency of the GDR. It is - to all intents and purposes - a

takeover, willed by both sides, and with economic consequences primarily affecting Germany. EMU is a much bigger, and wholly different, proposition.

11. One of our main concerns about the idea of an EMU "big bang" is that it presumes a far greater degree of convergence of economic performance than is yet available, or in prospect. I might add that it is far from self-evident to me that such convergence is to be achieved by means of a single common monetary policy. On the contrary, the significant differences in inflation between the economies of the Community probably require that for our inflation performances to converge, our interest rates must diverge - as indeed they do at present. That does not suggest a swift move to a single European monetary authority; indeed it argues strongly against it.

12. All those who are most anxious to set in place successful movement towards economic and monetary union should hold fast to this: without greatly increased convergence, monetary union simply would not work. A premature attempt to implement it would be unsustainable, and hence a huge setback, damaging both economically and politically, and would lead not to unity, but to disunity. Indeed there are already signs of that happening.

13. What we decide about economic and monetary union should be determined by our view about the kind of Europe we want to see. Our vision is of an open Europe: open to trade and investment; open too to new members from Europe, East and West. We welcomed to Community membership some of the newly democratic countries in Southern Europe. Now several of the countries in Eastern and central Europe see very clearly the benefits of membership of the Community. In due course we should welcome this prospect, when their political and economic systems are ready. We should develop a form of EMU

that permits them to join us and does not put up barriers against it.

14. To my mind that argues even more powerfully for a gradualist and evolutionary approach, and against any attempt to move to a rigid and closed structure. It suggests that we should look for arrangements that promote convergence - and particularly convergence on low inflation - while retaining flexibility and choice.

15. We believe that we can now see a way forward which does precisely this. We believe that whatever the outcome of the debates about the longer-term, in the short and medium-term there are steps the Community could - and should - be taking which are valuable and useful in their own right and which would take the process of economic and monetary convergence further.

16. The issue need not be so divisive. The key is to build on Stage 1 further steps to promote convergence of economic performance, low inflation and stable exchange rates. And to do so by building up our infant common currency - the ecu.

17. A first practical step towards this might be to encourage the use of the existing ecu by issuing ecu bank notes for general circulation in the Community. This would require a new institution which I shall call the European Monetary Fund. The Fund, acting as a currency board, would provide ecus on demand in exchange for Community currencies. This can be done in such a way as to avoid increasing the Community's total supply of money. To ensure this, we would insist that the Fund could only issue ecu notes that were fully backed by its own holdings of the various currencies which make up the ecu. So there would be no new money creation, and no threat to inflation. Interest rates on ecu deposits and loans would be determined, as now, by the weighted average of interest rates on the ecu's constituent

currencies and so the Fund would play no role in setting interest rates.

18. Ecu bank notes could provide a natural currency for tourists and business travellers. The idea could catch the popular imagination; and as notes came to be used more frequently it could help the development of largescale markets in ecu deposits.

19. But these are modest steps, and I think we could and should go further. In my view, the best approach is the creation of a new "hard ecu". Under this approach the ecu would no longer be defined as a basket of currencies but would become a genuine currency in its own right - a new and international currency - which would never devalue against other Community currencies. A version of this approach has been canvassed in a recent paper by the British Invisible Exports Council under their Chairman, Sir Michael Butler. Our proposals are rather different, but I readily acknowledge the debt they owe to his.

20. Under our approach, the European Monetary Fund which I have suggested would manage the hard ecu to ensure that, in the ERM, it stayed within its margins, and that at realignments it was never devalued. The EMF would issue ecu deposits or notes in exchange for national currencies. It would set interest rates on hard ecu. Initially, it would do this by setting rates on the interest bearing deposits it took, probably largely from commercial banks. Later on, as the private hard ecu market developed and commercial banks built up hard ecu deposits taken from the public, the EMF could move to setting interest rates by the normal central banking techniques, namely through the creation of money market shortages which would then be relieved at the chosen interest rate.

21. A traditional criticism that has been made of certain parallel currency proposals is that they could raise inflationary dangers. I share that concern. But a crucial element of the scheme I propose - indeed, my very reason for advocating it, is that effective safeguards could be built in to prevent this. So a key feature of the proposal is that there would be an obligation placed on all member states' central Banks to repurchase their own currencies from the EMF for hard currencies. This repurchase obligation would ensure that the combined effect of the Fund's own money creation - through the issue of hard ecu liabilities and the influence it exerted on money creation by national central banks - was not inflationary.

22. It will be noted that both these ideas for developing the ecu envisage the development of a new institution. Let me explain why I have no qualms about such an institutional development. We are not opposed to new institutions where there are new jobs that genuinely need to be done. And that is certainly the case here. For not only would we be looking at the job of managing the ecu; there are other important roles such an institution might usefully take on. These might include the tasks involved in managing the ERM, and its financing facilities, including the functions of the central Bank Governors Committee and the existing European Monetary Cooperation Fund (EMCF) in this area. An additional function could be medium-term balance of payments lending: to the extent that the Community is involved in this, the new institution could help in managing it.

23. It might also take on the essential task of coordinating member states' intervention against external currencies: in particular, the dollar and yen. By the end of Stage 1, all Community currencies will be members of the ERM and will share a common interest in the value of their currencies against the dollar and the yen. This coordination would not involve member states giving up part of their foreign

currency reserves. Instead, intervention would be coordinated through the EMF, which would draw and repay tranches of dollars, yen and national currencies, as necessary, from member states. Market operations, as now, would be carried out by individual national central banks.

24. All these are key functions that will be vitally necessary in the world beyond Stage 1. It makes practical sense to have a new institution - an EMF - to carry them out.

25. There is much discussion about the final stages of EMU. And more than one version of it. In these discussions, the UK will play a full and constructive part. But whatever the outcome of that debate may be, the evolutionary process advocated by the UK, the further ideas I have sketched out this evening - for promoting greater economic and monetary integration beyond Stage 1 - must be fully considered. They offer a way forward around which all Europe should be able to unite.

26. They will, I know, be controversial to some. But they are practical. They are progressive. They offer choice not prescription. But they evolve naturally from stage 1 and have the potential to evolve further. In time the ecu would be more widely used: it would become a common currency for Europe. In the very long term, if peoples and governments so choose, it could develop into a single currency. But that is a decision we should not take now, for we cannot yet foresee what the size and circumstances of the new Europe will be. In addition the development of a hard ecu should promote lower inflation and thereby greater exchange rate stability. And most importantly of all, the steps we propose have the advantage of retaining choice, diversity and flexibility. I believe they represent a practical and sustainable way forward for Europe.

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

EHG(D) 90 (3)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

SINGLE MARKET

OBJECTIVES

- Re-affirm importance of maintaining Single Market momentum in order to agree and implement EC White Paper programme by 1 January 1993.

- Press for a strong passage in conclusions which:

  - mentions as many as possible of our individual Single Market priorities;

  - refers also to wider measures needed to consolidate the Single Market programme: effective implementation and compliance enforcement; eliminating barriers to takeovers; and further reducing state aids.

POINTS TO MAKE

- Completion of Single Market White Paper programme by 1 January 1993 remains the central item on EC agenda. We have set a clear deadline; important for EC credibility that we meet it. Realisation of Single Market an indispensible prerequisite for development of Community in other areas. Essential to keep clear focus on 1992, and not to allow its potent message to be diluted.

SF3ACL/1 /AR

- Progress satisfactory: some two-thirds of White Paper measures now agreed. Congratulate Irish Presidency on achievements in transport, public procurement, energy and agreement on three long disputed directives on company taxation. Also welcome Commission proposals on VAT collection, and removal of barriers to takeovers.

- Must maintain momentum during 1990 if programme is to be agreed and implemented by deadline. Our priorities are financial services (investment services and capital adequacy directives); insurance (non-life and life framework directives); further transport liberalisation (including shipping cabotage and bus and coach liberalisation); a large number of outstanding measures on animal and plant health; further work on public procurement; further progress on standards and pharmaceuticals. Measures must be liberalising and deregulatory, keeping EC open to the outside world.

- In addition to negotiating individual measures we need to concentrate on making the Single Market a practical reality. This means:

  (a) prompt national implementation of agreed measures, effective compliance with EC law, and effective enforcement. A Single Market which exists only on pieces of paper in Brussels is worth nothing. Welcome introduction of six monthly Commission reports. More to be done;

  (b) removal of barriers to takeovers within the EC: welcome Commission's proposals on this, which constitute a good start;

  (c) an effective competition policy, especially further reduction of state aids: no point in removing trade barriers if they are replaced by state aids.

But nor 3 state-owned companies of private firms.

Travellers' Allowances [if raised]

- UK fully behind Commission proposal to increase, then end travellers' tax-paid allowances in 1993. Need to instruct ECOFIN to work for early agreement.

Dutch Transport Paper [if raised]

- Share Netherlands' wish to push forward transport liberalisation in Single Market programme: eg shipping cabotage; coach service liberalisation; further deregulation of lorry quotas. But need to examine Dutch paper carefully. [If necessary]: agree Conclusions might remit paper to Transport Council. Premature to endorse paper in entirety without detailed consideration.

References: A: Summary of action points from Dutch paper on Transport
B: Hurd/Delors exchange on implementation
C: Statement on Commission proposals on VAT

BACKGROUND

1. The Irish Presidency made limited progress in the Internal Market Council. A common position was agreed in March on the utilities directive extending liberalisation of public purchasing to transport, energy, water and telecommunications. Three significant measures on animal health are likely to be agreed on 25/26 June. A number of minor measures have also been agreed in the field of industrial standards.

2. The 18 June Transport Council agreed the second package of regulations liberalising air passenger services. This included measures on competitive fares and market access. It did not make significant progress on shipping cabotage. On 21 May, the Energy Council adopted two significant measures on electricity transit and price transparency. The overall tally for the Irish Presidency is likely to be in the region of half that achieved by France and Spain.

3. On 8 May, the Commission published welcome proposals on the collection of VAT in the country of final purchase rather than production, at least until 1996. We support a Commission proposal to abolish travellers' tax-paid allowances on 1 January 1993. Others have difficulty, with the Belgians and Danes arguing that tax approximation is a pre-condition to ending travellers' allowances.

4. The Commission also published on 14 May proposals on the elimination of barriers to takeovers, which we welcomed as a useful start. They establish the principle, with limited

exceptions, that shares in companies shall carry equal voting rights. The Italians, Germans and Dutch are leading opponents. On 11 June the ECOFIN Council reached political agreement on three tax measures to encourage cross-border mergers and cooperation which had been under discussion for many years, and previously blocked by the FRG.

5. Progress has been slower on some of our other priority areas. In financial services, a number of issues remain outstanding on the important Investment Services Directive which will introduce a single license system for investment companies to match that agreed for banks under the 1989 second banking directive. The June ECOFIN Council agreed to work for a common position before the end of the Italian Presidency. The Commission have now published a broadly acceptable draft of the accompanying Capital Adequacy Directive.

6. Progress on insurance has also been slow. The Commission have now published their important draft non-life framework directive which will introduce a single licence system in insurance. A matching life framework directive will be published later this year.

7. Our priorities for the Italian Presidency are:

- completion of the Single Market for financial services and insurance;

- continuing progress on transport liberalisation;

- agreements on animal and plant health which safeguard UK interests;

- completion of the work on public procurement - particularly an effective system of compliance;

- completion of work on intellectual property;

- early agreement on the VAT technical system and on travellers' allowances;

- finalisation of remaining standards Directives, and creation of a Single Market for pharmaceuticals.

8. Italian priorities are different. They may push areas we do not like - eg free movement of people and EC industrial policy. It will be important for the Dublin Council to give them a firm political steer.

9. We have been campaigning for more effective implementation and enforcement of Single Market measures. The most recent Commission statistics showed that at the end of February the UK had the best record in the Community on implementation. The figures for unimplemented measures were:

UK	9
Denmark	10
Germany	11
Ireland	18
France	19
Netherlands	23
Luxembourg	27
Spain	31
Greece	33
Belgium	34
Portugal	43
Italy	50

On 9 May the Foreign Secretary wrote to M Delors proposing the extension of six-monthly Commission reporting on implementation to other areas of EC legislation beyond the Single Market. M Delors' response gave no firm new commitments.

SF3ACL/6

10. The Dutch have tabled and may raise at the Council a strategy paper on future EC transport policy. This calls for progress in a number of areas we support, eg liberalisation of shipping cabotage and coach transport. But it also calls for unwelcome steps, including harmonisation of transport taxes and a Community programme to reduce traffic accidents. Because the Dutch are our closest allies on transport issues in the Single Market Programme, we should give this paper a warm reception but avoid commitment on undesirable elements.

SF3ACL/7

DUTCH PAPER ON TRANSPORT.

Annex: action programme

I propose that this document be recommended for submission to the Council with a request that decisions based on proposals by the Commission be taken as soon as possible on:

A. In regard to matters connected with the completion of the Internal Market, the Council should have completed its decision-making by 1 January 1992, so that the proposed measures may enter into force in good time (before 1 January 1993 9:

- expediting matters regarding international road transport;
- expediting matters regarding cabotage, particularly as it relates to road and sea transport;
- expediting matters regarding international coach transport;
- devising a pragmatic solution for harmonising transport taxes.

B. The schedule for the matters listed below could be as follows:

. before 1 July 1991, persons in authority and the Club of Experts should be consulted
. before 1 January 1992, the Commission should make proposals
. before 1 January 1993, the Council should take the necessary decisions

- issuing directives on transport and the environment;
- laying down environmental norms around airports;
- setting up and co-financing (via reallocation of resources) a European network of main routes and transshipment points for road, rail, inland waterway and air transport;

- introducing competition on the railways both nationally and internationally;

- issuing directives on telematics;

- taking measures to improve working conditions in transport;

- taking measures to consolidate a common approach to road safety;

- promoting cooperation between the EC and central and eastern Europe in the field of traffic and transport.

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

EHG(D) 90 (4)

15 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

FRONTIERS

OBJECTIVES

- Endorse Co-ordinators' Group report (and resist additional mandates).

- Avoid any implication that the Schengen agreement should be taken as a blueprint for the Twelve.

- Resist any further Italian attempts to secure a mandate for work towards a Community immigration policy.

POINTS TO MAKE

- Welcome pragmatic way in which frontiers work has progressed under Irish Presidency. Coordinators mechanism working well. Useful report.

- Irish Presidency to be congratulated on bringing Asylum Convention to conclusion. Hope Denmark will be able to sign soon.

- Now need to strive for similar achievement on the remaining draft Convention - on the Community's external frontiers - as recommended in Co-ordinators' report.

[If necessary]

- For the UK, with its limited number of ports and airports, "water's-edge" checks will continue to make common sense. But such checks will be the minimum necessary, and will not interfere with legitimate free movement of nationals of Member States.

- Our practical approach is demonstrated by the introduction last year of the streamlined immigration channel for all EC, including UK, nationals at UK ports of entry.

[If necessary]

- For geographical reasons clear that Schengen arrangements will not suit the circumstances of other Member States such as UK. So could not see Schengen agreement as a model for the 12.

[If raised]

- UK visa requirements for Hungary and Czechoslovakia under active review.

[If raised]

- Cannot agree to Italian idea of harmonised Community immigration policy, and national quotas for immigration. This is a matter for Member States, which have to take account of their own experience of immigration flows. Such flows differs markedly from one member state to another.

References: A: Coordinators' Report
B: Strasbourg Council Conclusions on Free Movement of People
C : UK Press line on Schengen Agreement
D: Home Office Explanatory note and Press Notice on Asylum Convention

BACKGROUND

1. Frontiers issues are unlikely to figure large at Dublin. The Co-ordinators Report is bland and factual. It covers the developments in the various working groups and makes sensible suggestions about priorities for the coming six months. It is unlikely to lead to discussion. The main focus of Irish Presidency activity in the frontiers area has been completion of an Asylum Convention. The other major issue has been that of visa requirements for Eastern European countries. The key question for the UK - the abolition of controls at "internal" frontiers between member states - has received little attention, although the signature of the Schengen Convention on 19 June may lead to calls for more rapid work on internal frontiers between other member states.

2. The Home Secretary, together with ten other Member States, signed the "Convention determining the member state responsible for examining applications for asylum lodged in one of the Member States of the European Communities", at the Trevi/Immigration Ministers' Meeting in Dublin on 15 June. The Convention is intended to define clearly which state is responsible for dealing with asylum applications in various circumstances, and thus put a stop to asylum-seekers

"in orbit" between member states when it is not clear which should examine their claims. The Danes were unable to sign; the asylum issue is politically sensitive for them, and the Danish government believed they would lose a no confidence motion in Parliament if they signed now. However, they hope to be able to do so before the end of the year.

3. Agreement to abolish visa requirements for the GDR was reached at the May FAC, and we lifted our requirement with effect from 8 June. All agree that Hungary and Czechoslovakia are next in line. Some partners (FRG, Italy, Denmark) have already lifted their visa requirements for these countries and others (Spain - for Hungary only - and France) are likely soon to abolish theirs for stays of under three months. We are reviewing ours in the light of the residual security threat from Hungary and Czechoslovakia. There is no serious immigration threat.

4. Member states are not obliged to keep in step on visa regimes, but agreed at Copenhagen in 1987 that they would not abandon their visa requirement in respect of "common list" countries (including Hungary and Czechoslovakia) without first consulting other Member States. Visa issues are to be discussed in the context of the external frontiers convention (paragraph 6 below).

5. The five Schengen countries (France, Germany and Benelux) signed on 19 June a Convention implementing their 1985 Agreement which had set the objective of abolishing internal land frontiers by 1990. Signature in December 1989 was postponed at the last minute primarily because of Franco-German differences about handling of GDR citizens. The new agreement will not come into effect until the external frontier of the unified Germany is secured and an information exchange system has been established - probably in about 2 years' time. The Spanish and Italians have expressed interest in Schengen membership, but the Italians at least are a long way from meeting Schengen requirements

on external border controls. The completion of the convention may nevertheless lead to calls for accelerating work on abolition of all internal EC border controls, including renewed pressure on the UK to remove border checks, thereby in effect extending freedom of movement within the Community to non-EC nationals - which we do not accept. Our main allies in resisting such pressure will be the Irish, Danes and Greeks.

6. The main priority for the Italian Presidency should be the external frontiers convention, which the Strasbourg Council asked to be concluded by the end of 1990. Its aim is the harmonization of external frontier controls. Although the issues raised may be too many and too complex for the end-of-year target to be possible, the UK's interests lie in keeping the Presidency's eye on this ball, thus delaying any confrontation on the issue of "internal" frontier checks.

7. However, Italy's main priority may be to persuade other Member states of the value of a common EC immigration policy. This is partly because they want Community cover for recent, politically controversial domestic legislation requiring illegal foreign workers to regularise their status or be deported. Italy sought work on a common EC immigration policy at the Strasbourg Council and secured (as a compromise) a mandate for an inventory of national positions on immigration, which will form the basis of an FAC discussion later this year. Italy subsequently pressed the issue at the April FAC but received no support. The UK view is that immigration from third countries is a matter for Member States, not for the Community. This underlies our concern to retain frontier checks sufficient to identify third country nationals.

PB2ABT/5

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

EHG(D) 90 (5)

19 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

DRUGS

OBJECTIVES

- To maintain the UK's lead on drugs issues in the EC, particularly by (a) securing European Council endorsement of our EDIU initiative; and (b) inviting the Pompidou Group to set up a drugs conference with Eastern Europe.

- [If raised] To give qualified support for the CELAD Guidelines for a European Action Plan on Drugs.

POINTS TO MAKE

- Drugs an issue of deep concern to us all. Important for Heads of Government to give extra impetus to the vital work going on in many fora.

- Grateful for strong support from EC partners at London Drugs Summit in April. Challenge now is to implement action outlined in the London Declaration, both in reducing demand and in tackling production and trafficking of cocaine and other drugs.

European Drugs Intelligence Unit

- Trevi Ministers agreed on 15 June to new UK proposals on work for a European Drugs Intelligence Unit (EDIU). We want the preparatory work speeded up, with final decisions no

later than June 1991; and we want to expand the project to include links with other European countries, including suitable East European countries.

- Unit would coordinate the effective use of intelligence on drugs and promote closer cooperation at a European level. A powerful reinforcement of current work on combatting drug trafficking. We should endorse these proposals today.

Conference with Eastern Europe

- The good news that the barbed wire is being rolled away at the frontiers of Eastern Europe has one sad consequence - more scope for drug traffickers, both in Eastern European countries, and coming through such countries en route to Western Europe.

- So we need to consider much closer cooperation with Eastern Europe, expanding on work already under way especially in Pompidou Group.

- Suggest we invite Pompidou Group to convene a conference at Ministerial level with East Europeans in first half of 1991. Would give valuable impetus across wide range of drugs issues, eg:

  - increased cross-border cooperation;
  - exchange of information;
  - help for Eastern Europe on National Drugs Intelligence Units;
  - creation of mechanism for liaison on drugs policy.

CELAD Report [if raised]

- CELAD preliminary report a good start. Much useful preparatory work has been done. But more work needed on certain proposals.

- [If necessary] Need to reflect further on the various areas of work, and consider which should be pursued at Community level.

Precursor and Essential Chemicals [if raised]

- Essential to improve international monitoring of precursor and essential chemicals. UK developing domestic (suspicion-based monitoring) system.

Money Laundering [if raised]

- International action to combat money laundering essential. UK studying provisions of draft EC money laundering directive, which we support in principle.

Confiscation [if raised]

- Vital to deprive drug traffickers and other criminals of the proceeds of their crimes. Need for strong domestic legislation and bilateral and multilateral cooperation agreements. Council of Europe Convention an important initiative.

Assistance to Producer/Transit Countries [if raised]

- EC partners should coordinate assistance to producer/transit countries. EPC Working Group provides one useful forum. Intensified international effort required.

- Welcome the US proposals for a consultative mechanism between the US, the EC, Canada, Australia, Japan and Sweden.

Links between Trafficking and Organised Crime [if raised]

- Agree that it is important to pursue drug traffickers of all kinds. Useful Trevi report.

- This linkage not strong in UK: do not in general have "crime families"/established criminal organisations.

References: A: CELAD report
B: Trevi report on links between trafficking and organised crime

BACKGROUND

General

1. Drugs and the link between trafficking and organised crime are on the agenda at Kohl's request. Haughey told the Dail on 14 June that the Council would call for anti-drug strategies at the national and Community level; strengthened controls at external frontiers; controls on precursors; confiscation of gains from drug sale/trafficking; and consider assistance to producer/transit countries. These are covered in the report from the drugs coordinators (CELAD) (see paragraph 8 below), commissioned by the Dublin Special Council in April.

2. The UK has led the EC on drugs issues, most recently by hosting the London Drugs Summit (paragraph 15 below). There is a danger that others, eg the Germans, who have not been as active, may make a bid for the lead. The Prime Minister might wish to counter this with a substantive intervention, highlighting UK initiatives.

European Drugs Intelligence Unit (EDIU)

3. In June 1989 the UK first proposed the establishment of an EDIU to coordinate intelligence on major trafficking within the EC. Trevi set up a sub-group this year to study:

(a) the EDIU's precise role, functions and tasks;

(b) the experience with such units at national level (most Member States now have one) and their role of vis-à-vis a European Unit.

4. At the Trevi Ministerial meeting on 15 June, the Home Secretary proposed that:

(a) the sub-group's terms of reference should be expanded to include the EDIU's role in improving the exchange of intelligence on drugs with the rest of Europe;

(b) the sub-group's work be completed by December.

5. Point (a) was agreed without difficulty. On point (b), there was Presidency/Italian resistance to so close a deadline, but we secured agreement for an an interim report to Ministers before the end of the year, and final decisions by June 1991. We now want European Council endorsement of these decisions.

Conference with Eastern Europe

6. We suggest proposing a Pompidou Group Ministerial conference with Eastern Europe. This would be a new UK initiative (and has not been trailed in advance). We envisage the conference focussing on increased cross-border cooperation including information exchange on drug trafficking, in view of the opening up of frontiers. It could consider help for Eastern European countries in establishing their own National Drugs Intelligence Units, which might eventually be linked to the proposed EDIU; and creating a mechanism for liaison between those dealing with drugs policy in the EC and their Eastern European counterparts.

7. We want the Pompidou Group (which meets under Council of Europe auspices, and which the UK currently chairs) rather than the Twelve to remain the focus for work with Eastern Europe. Appropriate language in the Dublin Conclusions would be:

> "The European Council welcomes developing cooperation with Eastern European countries on drugs, notably in the Pompidou Group, and invites the Group to convene an early conference of Western and Eastern European countries on drugs issues."

Report of Celad/ECCD (European Drugs Coordinators/European Committee to Combat Drugs)

8. This report will be on the Dublin table. CELAD's role is to coordinate all aspects of EC drugs work. Its policy areas include money laundering, precursors and strengthening external frontiers. The CELAD report is presented as a progress report and guidelines for action. It ranges over demand reduction and measures to combat trafficking at a European level. We are not happy with certain proposals, particularly to use commodity agreements to guarantee market access for crop substitution products. The draft also concedes too much on competence, and contains unacceptable references to abolition of internal frontier controls (not qualified by reference to this being "in accordance with the provisions of the EC Treaty", as in Article 8a of the Single European Act). We should avoid Conclusions which endorse all CELAD proposals.

Precursor and Essential Chemicals

9. The CELAD plan proposes adopting measures on monitoring trade in precursor and essential chemicals. The UK welcomes attempts to prevent the diversion of precursor chemicals for use in the illicit manufacture of drugs and has been active in initiatives to control this problem.

Money Laundering

10. The CELAD plan also proposes intensifying work on the Money Laundering Directive, which the Commission put forward in March. We have taken a leading role both domestically and internationally in efforts to combat money laundering (for example, the work of the Financial Action Task Force set up by the Paris Economic Summit). Much of the text of the draft directive is in line with present UK practice. We are working with the Commission and other Member States on the criminal law provisions.

Confiscation

11. The UK already has domestic confiscation legislation in place (the Drugs Trafficking Offences Act 1986 and Criminal Justice Act 1988) and is in the van of international cooperation in this area through the conclusion of bilateral agreements to trace, freeze and confiscate the proceeds of drug trafficking. We have signed bilateral agreements including with Italy (covering all crime) and Spain (drugs only) and actively participated in Council of Europe work on a Europe-wide confiscation convention, now close to completion.

Assistance to Producer/Transit Countries

12. The CELAD plan proposes the adoption, before the end of 1990, of an integrated Community programme for cooperation with Colombia. We also want to see more assistance from other member states. Colombia is currently the principal beneficiary of UK drugs-related assistance (£4.55m of training and equipment in 1989/90, £4.5m this year). The UK is also providing a wide range of training and equipment to other countries and cooperating closely with other donors especially in the Caribbean.

13. A useful development is the agreement, reached at the last CELAD meeting, to a meeting between the EC and the US, Canadians, Australians, Japanese and Swedes to coordinate activities against drug trafficking. It will be held on 29 June.

Drugs and Organised Crime

14. The Special Council in April, at German request, tasked Trevi to report on links between trafficking and organised crime. The report highlights the need for good intelligence (it supports the EDIU proposal); the importance of developing the liaison officer network; reinforcing surveillance; and closer cooperation between enforcement agencies. We share the aim of gathering and exchanging information on the links between drugs and organised crime (not exclusively the Mafia).

World Ministerial Drugs Summit

15. At the World Drugs Summit in April the Prime Minister announced the establishment of a UK task force to help other countries on demand reduction: we are pursuing in the G7 framework our call for other countries to establish similar task forces.

EUROPEAN COMMUNITIES
THE COUNCIL

Brussels, 13 June 1990

6824/1/90

REV 1 (en)

CELAD 63

kjf

Progress report for CELAD to the European Council

Subject: Guidelines for a European plan to combat drugs

(2)

kjf

EUROPEAN COMMITTEE TO COMBAT DRUGS
PROGRESS REPORT
AND GUIDELINES FOR
A EUROPEAN PLAN TO COMBAT DRUGS

I. Drug addiction and traffic in drugs, which are sources of grave damage to individuals and society as well as to States, today constitute a major menace to Europe and to the rest of the world.

Because of the extent of this scourge, the Community and its Member States must therefore give serious consideration to implementing at European level a coherent and effective policy against drugs in order to prevent any worsening in the situation in the context of a Europe without internal frontiers.

II. GENERAL CONSIDERATIONS

1. Following an initiative by the President of the French Republic, a Co-ordinating Group on Drugs was set up. The Group, entitled the European Committee to Combat Drugs (ECCD or CELAD), is composed of persons appointed by each Head of State or Government of the Community and by the Commission.

The European Council in Strasbourg on 8 and 9 December 1989 called upon the Group to take all necessary steps to ensure the vital co-ordination of Member States' actions in the main areas of the fight against the drugs scourge, namely prevention, health and social policy with regard to drug addicts, the suppression of drug trafficking and international action.

kjf

The European Council in Dublin on 28 April 1990 reiterated its serious concern at the threat posed by the abuse of, and illicit trade in, narcotic drugs and its link with international organized crime and called on CELAD to report by June on measures to bring about more effective co-ordination and on priorities for action by the Community and its Member States in the context of a concerted action against drug abuse, illicit production, distribution and sale of narcotic drugs.

2. CELAD met on 11 January, 12 and 13 March, 25 April and 29 and 30 May 1990.

3. CELAD sets out below some aspects of its work to date as well as guidelines for a European plan to combat drugs. CELAD recommends that the European Council approve these guidelines as a basis for the action of Member States and the Community.

4. In its work, CELAD has based itself on the following considerations:

- traffic in, and illicit use of, narcotic drugs and psychotropic substances pose a danger for all countries. The responsibilities of all countries, whether mainly producer, transit or consumer countries are complementary. There is a need for solidarity in this fight;

- the efforts of CELAD should take full account of the framework of global action in this area, in particular the UN's 1961, 1971 and 1988 conventions, the Political Declarations and Global Programme of Action adopted by the UN General Assembly on 23 February 1990 and the World Ministerial Summit held in London from 9 to 11 April 1990. It should also take full account of the work of the specialized agencies and bodies of the UN, Interpol and other global bodies;

- full use should also be made of the work going on in other European fora; the twelve Member States will co-ordinate their approach to work in these fora, among which the Pompidou Group occupies a special place particularly on account of its discussions in areas of interest to CELAD;

- account will be taken of the Resolutions of the European Parliament.

5. The work of CELAD in several areas must take account of the programme to create an area without internal frontiers in line with the timetable set by the Single European Act. As regards the fight against drugs in particular, CELAD must make sure that the necessary compensatory measures under discussion in the TREVI Group and the Mutual Assistance Group (MAG) are implemented, in liaison with the Co-ordinators' Group on the Free Movement of Persons.

6. Any plan to combat drugs must, however, go beyond the framework of Europe of 1992. The present guidelines for action submitted to the European Council for approval should be seen in a long-term perspective and will be subject to early expansion and to revision at regular intervals.

7. Effective co-ordination within each Member State of its action in international fora is an essential foundation for effective action. Participation in all European and international fora and groups must be consistent with the aims of CELAD in the fight against drugs in line with the priorities set by Heads of State or of Government.

8. With a view to the implementation of a programme of action the Twelve should possess reliable and comparable statistical data in the various areas that are to be addressed, such as social and health aspects, trafficking, suppression and rehabilitation.

9. The success of any European action against drugs depends to some extent on the human and material resources made available for that purpose. A number of the measures suggested in this report cannot be pursued without provision of the necessary resources by the Community and its Member States.

III. PREPARATORY ACTION

1. To ensure the integrity of its role and the validity of its work, CELAD has undertaken as a first priority the task of drawing up an inventory - Community, European and global - of all groups involved in the fight against drugs. This list will continue to be updated on the basis of current work. CELAD has examined the terms of reference of relevant groups within the Community in this inventory.

   To ensure effective co-ordination with relevant Community groups, and an awareness in these groups of the objectives of CELAD and of its role in the overall fight against the drugs scourge, CELAD invited the chairmen of these groups to report to it on their work.

2. The chairmen of TREVI 92, MAG 92, the Ad Hoc Working Party on Drug Abuse and the EPC Working Group on Drugs presented outlines of their work to meetings of CELAD. Continued regular contacts with these groups and the other relevant groups are planned for each six-monthly period. CELAD recommends that the European Council direct the Community groups and groups within the Twelve involved in drugs-related work to report to CELAD at regular intervals on their current work and projected work programmes.

3. In the case of the Ad Hoc Working Party on Drug Abuse, CELAD has recommended that the terms of reference of this working party be revised and strengthened. CELAD has considered this particularly necessary in view of proposals expected from the Commission - on which the working party will be required to take action. The Ad Hoc Working Party has reported on revised and strengthened terms of reference, which the Council and Ministers for Health have now approved.

4. The CELAD troika has held an initial meeting with a delegation from the Pompidou Group in order to initiate fruitful co-operation between the two fora.

5. CELAD recommends that a study be prepared by experts on the sources and quality of existing information, on its usefulness and on the need for and possible scope of a Drugs Monitoring Centre ("Observatoire") and the financial consequences of its creation, on the understanding that the Centre would address not only social and health aspects, but also other drug-related aspects, including trafficking and suppression. The experts should in their report take account of the need to avoid any duplication of work already undertaken in the Community, in the Twelve, in Europe (especially within the Pompidou Group) and world-wide.

IV. ACTION WITHIN MEMBER STATES

1. As a pre-requisite to co-ordinated European action CELAD recommends that, where such arrangements do not already exist, National Co-ordinating Committees on Drug Abuse should be set up in each Member State. These Committees should bring together at regular intervals relevant senior people from all central or regional government ministries or agencies, police and customs dealing with the problem, and including the CELAD representative, so as to ensure:

   (a) a co-ordinated national policy and its compatibility with Community actions;

   (b) an awareness of each other's plans and programmes;

   (c) cohesiveness between the political approach and national actions of the Member States;

   (d) a consistent voice and purpose in Community/European and international fora in which the different departments/agencies take part.

V. ACTIONS IN THE FIELD OF DEMAND REDUCTION

1. Demand reduction is a main priority in the Community and its Member States. In addition to vital work being pursued at national and local level, there is a need to increase the effectiveness of demand-reduction programmes throughout the Community in order to ensure that there is no transfer of demand from one Member State to another and also that traffickers do not profit from too great a difference in efforts.

2. To ensure an effective drug-demand reduction programme it is necessary in the first instance to have a good data base clearly assessing the patterns of consumption. This is an essential basis for the effective targeting of preventive actions based in particular on information, counselling and education campaigns and programmes. Simultaneously there is the urgent need for enhanced treatment facilities and the development of risk-reduction strategies to take account in particular of the threat of HIV infection. If efforts in the field of drug-demand reduction are to be successful, special attention must be paid to social and vocational rehabilitation, including that of prisoners. To ensure that these measures are effective, staff must be trained in sufficient numbers and to an adequate level.

3. This study should not delay the implementation by the Commission of the actions called for in the Resolutions of 16 May and 13 November 1989 and of the conclusions adopted by the Council and Ministers for Health regarding:

   - the establishment of a European network of health data on drug abuse;

   - the reliability of tests on body fluids to detect the use of illicit drugs;

- prevention of AIDS among drug users;

- implementation of co-ordinated measures for preventing drug addiction and coping with drug addicts.

4. On the basis of a Presidency note reflecting CELAD's wishes, the Council and Ministers for Health, meeting on 17 May, decided that steps should be taken in the field of demand reduction, and more specifically as regards:

- prevention by means of information and education;

- risk reduction;

- treatment;

- social and vocational rehabilitation;

- drug abuse and AIDS;

- statistics/epidemiology;

- co-operation with and within international organizations;

- implementation of international conventions and agreements (health and social aspects);

- training of qualified staff.

5. CELAD suggests that the European Council invite the Commission also to submit in the near future an appropriate drug-demand reduction programme at Community level to supplement national action. This will address the issues of research, prevention, treatment, rehabilitation, manpower

training and development and incorporate the actions already agreed on by the Council in its Resolutions and conclusions, having regard to the action programme adopted by the United Nations General Assembly and the conclusions of the London World Ministerial Summit.

The Twelve should continue to support the Multi-city Network established by the Pompidou Group which allows the exchange of information and fosters technical co-operation between large cities.

6. CELAD recommmends that the European Council invite the Commission to present, on an regular basis, to the Council and Ministers for Health a report on the work done in the areas mentioned above, accompanied if appropriate by proposals. This report should in particular take into consideration the effectiveness of treatment and the ethical rules regarding respect for drug-dependent persons.

VI. ACTION WITH REGARD TO THE SUPPRESSION OF ILLICIT TRAFFIC IN NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES

1. Action in this area is closely linked to the progress being made on achieving the objectives for 1992, with regard both to the free movement of goods and capital and to the free movement of persons.

These objectives include:

(i) reinforcement of controls at external frontiers and increased internal surveillance and co-operation;

(ii) combating the illicit manufacture of drugs by measures to prevent the diversion of precursors and other essential chemicals;

(iii) measures to be taken against the laundering of money derived from illicit drug trafficking;

(iv) strenghtening of judicial and legal systems, including law enforcement (level of sanctions, nature of sanctions, confiscation, extradition);

(v) approximation of legislation, inter alia, concerning the control of medical prescriptions and dispensing of drugs or psychotropic substances.

2. The abolition of controls at the Community's internal borders and the increased risks originating outside the Community call for compensatory measures to be adopted, particularly in the fields of:

- police and judicial co-operation;

- exchange of information (while ensuring the protection of personal data) and of experience between anti-drug bodies;

- the speeding-up and simplification of judicial assistance;

- the development of research on drug-detection equipment.

CELAD requests the TREVI III Group to complete its work on a drugs Eurocentre.

3. CELAD proposes that the European Council invite the relevant bodies to complete work within the periods indicated below in the following areas:

(a) The adoption of the Convention concerning crossing of external borders of Member States of the European Communities (deadline: end of 1990, fixed by the European Council) and the implementation by the TREVI Group and MAG 92 of the principal measures against drug trafficking by the end of 1990.

(b) The adoption by the Council (General Affairs) before the end of 1990 of measures on trade in precursors with non-Community countries, on which the Commission has put forward a proposal. The Commission is invited to examine rapidly the possible need for submitting a proposal on intra-Community trade in precursors.

(c) The adoption during the first half of 1991 of adequate measures to combat money laundering. The Commission has put forward a draft Directive on this.

(d) The study by the Judicial Co-operation Group, under European Political Co-operation, of the need to strengthen the judicial and legal systems in regard to the traffic in drugs.

4. In addition, CELAD has requested the bodies concerned (MAG 92 and TREVI) to draw up by the end of 1991 a report on the measures needed to strengthen the control of external borders in relation to illicit drug trafficking, having regard to the provisions of the Convention on the crossing of borders.

VII. INTERNATIONAL ACTION

The objectives of the Community and its Member States in this field are:

- to participate as actively as possible, and in accordance with their respective competences, in the establishment and implementation of a global international strategy to combat drugs (abuse, illicit trafficking and production), mainly under the auspices of the United Nations;

- to determine within that strategy, what action can best be pursued at Community level and to ensure that the necessary resources to pursue it effectively are available;

- to reinforce the effectiveness and weight of the actions of the Member States and the Community in the international fight against drugs, by seeking harmonized policies and co-ordinated operations.

These objectives will be pursued in the following three main fields:

1. Implementation of UN conventions and global programme of action

The global fight against drugs will be greatly reinforced by the implementation by the Community and all of the UN Member States of the UN conventions in this field, in particular the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

(a) CELAD has identified the ratification of this 1988 Convention as an urgent priority, both because of its substance and because it represents an important signal of intent by the Community to tackle seriously the drugs problem in all its aspects. To facilitate the work of Member States in preparing for ratification, CELAD has arranged an exchange of information on problems and solutions in this regard. CELAD has also requested the Judicial Co-operation Group to examine the problem raised by a number of Member States with regard to mutual assistance and the enforcement of foreign judgments.

CELAD proposes that the European Council invite Member States to give the example in this effort, by overcoming as quickly as possible the sometimes considerable difficulties arising in particular from the need to adopt internal laws and procedures, and to make every effort, taking account of these difficulties, to ratify the 1988 Convention by 31 December 1990 if possible and at the latest by 30 June 1991.

(b) CELAD has requested the ad hoc Working Party on Drug Abuse (if necessary, in sub-group formation) to examine how Member States may apply, in the new circumstances of the Single Market, the provisions on licit international trade in drugs contained in the 1961 UN Convention on Narcotic Drugs as amended by the 1972 Protocol and in the 1971 Convention on the Control of Psychotropic Substances. The Working Party should report at an early date.

(c) In addition, ratification by all Member States of the 1971 Convention on Psychotropic Substances is necessary as soon as possible.

(d) With regard to the Global Programme of Action established by the United Nations on 23 February 1990, an effort should be made to ensure the co-ordinated implementation of the measures adopted. In this context it is proposed that the European Political Co-operation Group on Drugs keep CELAD informed of progress by the UN in the restructuring of its bodies dealing with drug problems. When the relevant UN report is submitted by the Secretary-General, it should be examined by the Community with a view to establishing a common position in the General Assembly on both the financial and institutional aspects of the matter.

2. Co-operation with major producer and transit countries

Co-operation with production and transit countries should be based on a deep knowledge of the political, economic and social problems facing these countries owing to drugs, as well as on an evaluation of the possibilities and the forms of aid by the Community and its Member States to help them tackle these problems.

Political dialogue, aid for the strengthening of their legislative, judicial and regulatory structures, the training and equipping of personnel responsible for control and suppression, support for programmes of prevention, care and rehabilitation of drug addicts as well as the promotion of substitute crops and aid for alternative forms of development are all means of co-operation that can be implemented with these countries.

International action by the European Community must be in strict conformity with the principles of respect for the sovereignty and integrity of States and non-interference in internal affairs.

CELAD proposes that the European Council invite the relevant bodies to proceed along the following lines:

(a) Support for the co-ordination of the bilateral and multilateral aid and technical-assistance programmes of the Community and Member States on behalf of producer and transit countries and the drawing up at appropriate intervals and by region of a document presenting in a global manner the efforts deployed by the Member States and the Community. This task should, without prejudice to other existing mechanisms for co-ordinating Community aid, be entrusted to European Political Co-operation working in close co-operation with the Commission.

(b) Support for European co-ordination for training in all aspects relating to the fight against drugs.

(c) Full use to be made of the possibilities within Community aid to the ACP countries, as provided for by the Fourth Lomé Convention, to the developing countries of Asia, Latin America and Africa as well as to the Mediterranean countries, for promoting drug-control activities.

(d) A review should be made regularly by the Community of the national efforts and policies implemented by the partner developing countries in the fight against drug abuse and illicit trafficking and production, taking into account their specific conditions and capacities. The results of the review should enable the Community and the Member States to direct their support to the needs and strategies of each country or regional group of countries.

(e) Drawing up of special and consistent sub-regional programmes of co-operation in areas of major interest to the Community.

(f) Adoption by the Council before the end of the year of an integrated programme for co-operation with Colombia on the basis of a Commission proposal in line with the conclusions of the European Council in Strasbourg.

(g) The efforts of the Community and its Member States concerning the launching or resumption of negotiations for the conclusion of international commodity agreements should be intensified, in order to ensure more stable outlets and incomes in respect of substitute products. Other major operators in international commodity trade should be invited to join in this effort.

(h) Full use should be made of the Community's trade instruments (including the ACP Convention and the GSP system) to facilitate market access for substitute products. The Commission is invited to submit a report to the Council on the issue as soon as possible, taking into account the results of the Uruguay Round.

(i) Fostering direct contacts between producers in developing countries and investors and buyers in Community countries that might promote or assist in the sale of substitute products or take part in alternative-development programmes.

(j) When using food aid in future, the Community will also examine whether priority could be given to the purchase of substitute crop products with the aim of enhancing the incentive to grow such products in developing countries.

(k) Support for the complementary role of the NGOs of Member States in Community action, in the areas of prevention, education, care and rehabilitation or development aid.

3. Co-operation with other developed consumer countries

As far as co-operation with other European countries is concerned, the Member States and the Community participate in the work of the Pompidou Group. CELAD intends to continue the contacts already established between the Troika and a delegation of the Pompidou Group.

CELAD recommends that co-operation with Eastern and Central Europe be developed. In this context it welcomes the growing participation of these countries in the work of the Pompidou Group. CELAD notes that the Pompidou Group is currently drawing up its action programme for the period 1991-1994.

CELAD proposes that the Community and its Member States endeavour to establish close co-operation with the United States of America and other third countries on all aspects of the fight against drugs.

For this reason CELAD has welcomed the initiative in this field by the US Government and agreed to have a first meeting with the USA, Canada, Japan, Sweden and Australia by the end of June 1990.

REPORT BY TREVI GROUP ON LINKS BETWEEN ORGANISED CRIME AND ILLICIT TRAFFIC IN DRUGS, TOGETHER WITH RECOMMENDATIONS FOR CONCERTED ACTION

BACKGROUND

At its special meeting in Dublin on 28 April, 1990 the European Council expressed its serious concern at the threat posed by the abuse of and illicit traffic in narcotic drugs and its links with international organised crime. The European Council decided to ask the high-level drugs co-ordinators group (CELAD) to prepare a report for the General Affairs Council, with a view to the meeting of the European Council in June, on measures to bring about more effective co-ordination and on priorities for action by the Community and member States in the context of concerted action against drug abuse and illicit production, distribution and sale of narcotic drugs.

The General Affairs Council, at its meeting in Brussels on 7 and 8 May, 1990, decided to ask the TREVI Group to prepare a report on the links between organised crime and the illicit traffic in drugs, with possible recommendations for concerted action, in time for the General Affairs Council meeting on 18 and 19 June, 1990.

In order to comply with the General Affairs Council request, the Irish Presidency sought as a matter of urgency from all member States a brief statement setting out the links which exist in their jurisdictions between organised crime and illicit traffic in drugs, together with any suggestions they might have for concerted action which could be taken by the Twelve to tackle the problem. The present report in the matter was drafted on the basis of the responses of member States and was considered and approved by TREVI Ministers at their meeting in Dublin on 14 and 15 June.

OVERVIEW OF THE SITUATION

The trade in narcotic drugs is a huge and immensely profitable "business" in the present-day world. The United Nations Organisation estimates that the monetary value of drug trafficking has recently surpassed that of the international trade in oil and is second only to the arms trade. The Financial Action Task Force estimates the value of the drug trafficking trade in the industrialised world to be of the order of $120 billion. It is no surprise therefore that in many countries organised crime is deeply involved in this illegal traffic. Indeed criminal groups have played a prominent part in organising and managing the international traffic in heroin and cocaine.

In nearly all member States there is some experience of links between organised criminals and drug traffickers. It must be stressed, however, that the extent of involvement of organised criminal groups in drug trafficking and the degree of organisation of these groups can vary considerably. Drug trafficking itself, however, requires a degree of organisation. The enormous financial investment required in the traffic in drugs and the necessity for continuity of supply and sale tend to mean that only professional drug trafficking organisations prove capable of holding a permanent position in the market.

Major, hierarchically structured criminal organisations such as the South American drug cartels, the Mafia, Cosa Nostra and the Chinese Triads play a very prominent part in organising intercontinental and international trafficking in drugs such as heroin, cocaine and marijuana. The activities of organisations like these are not confined to merely transporting drugs but extend also to supplying the raw material and processing it into end products ready for the market. Major European criminal organisations have become involved in the production of heroin, importing morphine base from South East Asia, Pakistan, Turkey, Lebanon etc., making it into heroin in laboratories in Southern Europe and sending it to the USA - for example, the "French Connection" in the early 1970's and subsequently the connection between the Sicilian Mafia and North American Cosa Nostra families.

Such organisations have entered into business relations with other criminal groups in transit and production countries. Strong relations have also been established between some European and North American criminal organisations with a view to the coordinated management of systems enabling them to put narcotic drugs on their respective markets.

The structure of organised crime in most European countries cannot be compared with hierarchically structured organisations such as those mentioned above. However, the threat posed by their criminal activities should not be underestimated. Increasingly those involved in traditional areas of organised criminal activity such as bank robbery, protection rackets, illegal gambling and prostitution are attracted by the increased profits to be made from the growth in demand for illicit drugs and have widened their field of activity to include drug trafficking on both the national and international levels. Most member States indicate to varying degrees, that criminal groups involved in illicit drug trafficking in their jurisdiction are also involved in a range of other forms of such organised crime as well as in money-laundering activities. A number of member States refer to the links which organised criminal groups involved in drug trafficking in their jurisdictions have with similar groups in producer and transit countries, often as a result of historical and geographical ties with those countries. Furthermore it is to be noted that the strategy of organisations established in those countries tends to become more international, and leads them to seek to

control all stages in the production and trafficking and to repatriate a significant proportion of their profits to their own country for investment purposes.

The search for greater profit is a major factor in the link between drug trafficking and organised crime. Some of the profits made by organised crime on controlling and managing drug-related activities go back to the illegal circuit and are used to continue with the illicit traffic in drugs or to fund other forms of serious crime. In addition, of course, profits from criminal activities are also invested in legitimate business activities which raises important issues in relation to the tracing and confiscation of the proceeds of crime. European criminal organisations have strong relations with each other with a view to laundering the profits derived from their illicit traffic in drugs and investing them in "safe systems".

AGREED MEASURES OF CONCERTED ACTION

Priority measures being taken in other international fora which affect the work of TREVI

TREVI is a body which in the present context is concerned with practical police cooperation to combat drug trafficking and organised crime. However, TREVI Ministers recognise that the drugs problem must be tackled on a wider basis. In particular, TREVI Ministers consider that the first requirement for effective action is a proper legal framework at both national and international level.

The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances adopted at Vienna in December 1988 provides for a comprehensive set of measures to be taken by the Contracting Parties to deal with such matters as

- tracing and confiscation of the proceeds of drug trafficking
- money laundering
- international mutual legal assistance
- increased penalties in the case of drug traffickers acting within the framework of a criminal organisation
- prevention of the diversion from use for lawful purposes of substances used in the manufacture of illicit drugs (so-called precursor chemicals).

The United Nations global programme of action adopted on 23 February 1990 also embraces measures of this kind. It is understood that the progress report from CELAD to the European Council contains proposals relating to the ratification of the Convention and the implementation of the global programme of action.

TREVI Ministers agree that international police co-operation against organised crime, including drug trafficking, must be backed by effective asset seizure legislation to deprive criminals of their huge profits. It is imperative that all countries should take the necessary steps to enable them to ratify the United Nations Convention and to implement the anti-money laundering measures recommended by the Financial Action Task Force.

TREVI Ministers also recognise that action in the field of demand reduction is essential if progress is to be made in dealing with the problem of illegal drugs. It is understood that the progress report from the CELAD Group to the European Council also contains recommendations under this heading.

Measures being taken by TREVI

Action is also required in TREVI's own sphere of competence by way of enhanced law enforcement measures to curb drug trafficking. The TREVI organisation has for some years been pursuing measures to improve police co-operation among the Twelve against drug trafficking and other serious crime.

A crucial element in the fight against drug trafficking, particularly where organised crime is involved, is the gathering, collection, analysis and distribution of good intelligence. Member States have always co-operated on a bilateral basis in sharing such intelligence. TREVI has taken steps to further such co-operation among the Twelve by promoting improved exchange of information about drug trafficking. TREVI has also promoted the posting of drugs liaison officers in other member States and in relevant third countries, including production and transit countries, and encouraged arrangements whereby such officers can act on behalf of more than one member State. In addition, National Drugs Intelligence Units have been set up in member States in accordance with a decision of TREVI Ministers. These units provide a mechanism to ensure effective national co-ordination of intelligence on drug trafficking (and related serious crime) and to facilitate exchange of such intelligence between member States. More generally, TREVI has taken measures to improve police co-operation among member States to tackle various aspects of organised crime; for example, the provision of mutual assistance in relation to the protection of witnesses.

TREVI is particularly conscious of the fact that the completion of the Single Market might provide increased opportunities for those engaged in drug trafficking and crime generally. Organised criminal groups will be particularly well placed to seek to exploit the freedom of movement which the SEA will bring. In the past year or so TREVI's work has been concentrated mainly on developing a programme of measures of improved police co-operation to compensate for the completion of the Single Market. At their meeting in Paris in December 1989, TREVI Ministers adopted a Joint Declaration on improving police co-operation with a view to 1992. At their meeting in Dublin on 14 and 15 June TREVI Ministers approved a series of such compensatory measures which are contained in the Programme of Action* relating to police cooperation to combat terrorism and other forms of organised crime.

In the specific context of the fight against drug trafficking and organised crime, the measures agreed include the following:-

(i) Intensifying the regular exchange and permanent updating of detailed information relating to drug trafficking and various forms of organised crime, including the methods used for prevention and law enforcement and the laundering of illicit profits.

(ii) Developing and extending as necessary a network of drugs liaison officers within the member States and third countries on a more structured and formalised basis.

(iii) Conducting a study on the need for and the conditions under which it would be possible to set up a European drugs intelligence unit

(iv) Reinforcing and co-ordinating surveillance at external sea, land and air frontiers.

(v) Developing

- co-operation in conducting enquiries about the activities of persons involved in drugs offences with an international dimension, the movement of proceeds of such offences and the movement of illicit drugs involved in such offences

- where necessary, the use of joint teams

- training and research programmes for specialised personnel.

* formerly the Summary Document

(vi) Affording one another mutual assistance for police investigations into matters concerning drug trafficking in which the interests of several member States are directly involved.

(vii) Taking the measures necessary to carry out controlled deliveries in member States' territories of shipments of illicit drugs so as to facilitate the dismantling of trafficking networks.

(viii) Exchanging information on the actions and programmes undertaken with the production, consumption and transit countries, as well as on the requests made by these States and co-ordinating the programmes for co-operation, police techniques, training for specialised personnel and the assignment of liaison officers to these countries.

Another measure in the Programme of Action which is of general application but which will have an important bearing on the fight against drug trafficking and organised crime will be the study of a common information system which would be available to member States and designed to combat the most serious forms of crime, while preserving safeguards for personal liberties and privacy.

Work on implementation of many of these measures is already in progress. For example, special studies are being conducted on the exchange of liaison officers, on the need for and the conditions under which it would be possible to establish a European Drugs Intelligence Unit and on the development of a common information system. It has also been agreed to introduce a number of measures to co-ordinate member States' programmes for technical police co-operation with producer and transit countries. Furthermore it has been agreed to develop co-operation in this area in the future and to pay particular attention to the possibility of promoting joint initiatives in relation to the provision of training for producer and transit countries on combating drugs. France has already proposed an initiative whereby they together with other interested member States would in the latter half of 1990 provide such a programme. TREVI Ministers also recognise that technical police assistance is only one aspect of general co-operation required between the Twelve and producer and transit countries and that action by way of more general aid to these countries is also essential. It is understood that proposals in this more general context are included in the report of the CELAD group to the European Council.

CONCLUSIONS

It is clear that drug trafficking constitutes one of the major manifestations of organised crime and maximum attention must be had to the links between organised crime and drug trafficking in tackling the problem of drug trafficking.

TREVI Ministers recognise that the links between organised crime and drug trafficking must be addressed on the widest possible basis, including the need for effective co-operation with other countries.

In this regard TREVI Ministers

(a) recall in particular their view that international police co-operation must be backed by effective asset seizure legislation to deprive criminals of their profits;

(b) consider that the measures contained in the Programme of Action will provide the basis for the development of police co-operation to deal effectively with drug trafficking and organised crime;

(c) intend that links between organised crime and drug trafficking should continue to be examined and that full regard should be had to those links in elaborating the detailed arrangements to give effect to the measures contained in the Programme of Action; and

(d) intend that consideration will be given to further specific measures to address those links with particular reference to the following matters:-

(i) measures to ensure effective co-operation between member States in the investigation of money laundering;

(ii) the assignment to competent national authorities of responsibility for monitoring the nature and extent of the relationship between drug trafficking and organised crime and the need to have regard to those links in the study of the European Drugs Intelligence Unit;

(iii) the study of the common information system which has already commenced;

(iv) extension of the mission of liaison officers into the sphere of organised crime;

(v) measures to be taken to improve action at operational level to deal with links between organised crime and drug trafficking through the development of appropriate training programmes and seminars.

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

EHG(D) 90 (6)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

SITES OF EC INSTITUTIONS

OBJECTIVE

- To get the new EC institutions (CTMO, EEA and Training Foundation) established and operational soon.

POINTS TO MAKE

- UK not seeking to disturb existing EP arrangements. [If necessary] Would be prepared to repeat Maastricht statement if that would facilitate decision on new institutions.

- Following the G24 decision on the site for the EBRD, recognise that our bids for CTMO and EEA will fail. Hope we can now reach agreement on sites of both, and on Training Foundation.

- Important that new institutions should be established and operational soon. Should not let question of sites of CTMO, EEA and Training Foundation drag on. 10 year delay on CTMO a bad precedent.

References: A: 1965 Community decision on sites
B: Statement of 1981 Maastricht European Council
C: Mitterrand's letter to Haughey of 10 April

BACKGROUND

1. Decisions are due on sites for the Trade Marks Office (CTMO), Environment Agency (EEA) and Training Foundation. But the French may block them all, unless their concern to stop the erosion of Strasbourg's position as a European Parliament seat is met.

2. As we have made clear, we have no desire to disturb the present EP arrangement. We could therefore go along with a re-statement of the 1981 Maastricht text - a unanimous decision to confirm the status quo of the places of work of European institutions - or even with an advance political agreement at Dublin that the outcome of IGC discussion on the EP site will be to retain Strasbourg. (But a French attempt at the June FAC to get a commitment to all EP plenary sessions being in Strasbourg got a cold reception: we should remain non-commital.)

3. Luxembourg will demand a trade-off for anything agreed for Strasbourg. At present they are staking out a maximalist position: surrender of the EP Secretariat (to Strasbourg) would have to be matched by their getting the CTMO now (the Luxembourgers argue it is a quasi-judicial institution - we do not agree - and therefore falls within the criteria in the 1965 decision) and all future judicial and financial institutions including any eventual European Central Bank. (Luxembourg's claim to financial institutions are also mentioned in the 1965 decision, but in less

prescriptive terms.) This is a price we (and most others) would not be prepared to pay.

4. The Irish may funk the challenge of devising a package to settle all the sites. But they may propose that the Training Foundation should be in Berlin and the EEA in Copenhagen, leaving the site of the CTMO to be settled, with the EP issue, at the second IGC. The European Council at Strasbourg committed the General Affairs Council to an "early decision" on the EEA site. We do not want further delays in deciding on the CTMO site, but if referral to the IGC were generally accepted, we would clearly have to agree.

5. Eleven countries originally bid for the EEA. Copenhagen is our strong first choice on technical grounds (followed by Madrid and Milan), and we have already made clear that we are ready to see the Training Foundation go to Berlin. We would prefer the CTMO (for which there were originally ten bids) to be in The Hague, followed by Luxembourg or Madrid. On technical grounds, we are opposed to the CTMO being split between two places. The Dutch, after the EBRD decision, will be pushing hard to get either the CTMO or EEA (Utrecht).

6. Having won the EBRD and acknowledged that we are no longer serious runners for the EEA and CTMO, our influence on any Dublin package will not be decisive. But we should:

- make clear our willingness to assist the Presidency reach decisions;

- oppose any move to include one or more of the next round of future agencies (health and safety, pharmaceuticals, plant breeding) in a Dublin package in order to increase the numbers of prize-winners in this round: this would preclude the UK getting any of them (we have already bid informally for the health and safety institute).

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

EHG(D) 90 (7)

20 June 1990

EUROPEAN COUNCIL, DUBLIN,

25/26 JUNE 1990

POSSIBLE EC ECONOMIC ASSISTANCE TO GREECE

OBJECTIVE

- Avoid commitment to an EC loan.

POINTS TO MAKE

- Welcome Mitsotakis' commitment to reduce large inherited fiscal deficit.

- Conscious of the difficulty of decisions on eg de-indexing salaries and increasing taxes. Conscious too that sustained adjustment effort will be needed over several years. As first step, look to early implementation of measures already announced.

- Accept that the Greeks may need some help. UK will contribute positively to any further Community discussions in ECOFIN.

- [If explicit request for EC loan made by Greece] A matter for ECOFIN.

References: A: Record of Prime Minister's meeting with Mitsotakis, 16 May
B: Luxembourg telno 160: ECOFIN discussion of Greece, 11 June

BACKGROUND

1. Mitsotakis told the Prime Minister in May of his hope that the Community would respond positively to the package of belt-tightening measures the new Greek Government were undertaking. These include ending subsidies to state enterprises; reducing public sector employment; and increasing tax receipts. (While the policies announced represent a good start to adjustment, few have yet been implemented). He wondered whether the Community would consider a further loan (1.75 becu was lent in 1985).

2. Since then, the Greeks have told us that they do not at present intend to seek new EC finance. At the 11 June ECOFIN, they asked only for an expression of solidarity and cooperation from the Community to restore confidence in Greece. But they do not exclude seeking a further financial package in the future, and Mitsotakis could bid in Dublin.

3. We should not give a flat no (ie redirect them exclusively to the IMF) unless the French, Germans or Italians were ready to do so too - the odds are that none would be. The right course would be to remit the issue to ECOFIN - due to discuss Greece on 23 July - where we would want to ensure that any EC support is in the form of a loan with strict, IMF-type conditionality rather than EIB lending or a relaxation of Structural Fund conditions.

4. Greece's economic problems are very real: a PSBR representing 20% of GDP; 19.6% inflation; a debt/GDP ratio of over 100% last year; and a current account deficit worth 4.8% of GDP in 1989 which has reached the same total in only the first quarter of 1990.

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 May 1990

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF GREECE

The Prime Minister had a talk with the Greek Prime Minister over a working lunch at No.10 today. Mr. Mitsotakis was accompanied by his daughter, Mrs. Dora Bakoyianni, and by the Greek Ambassador. HM Ambassador Athens was also present.

The atmosphere of the discussion was generally good, except over the Greek economy, with a much closer meeting of minds than would have been possible under the previous Greek regime. The Prime Minister said at the end she hoped Mr. Mitsotakis' visit would be only the first of many.

Introduction

The Prime Minister congratulated Mr. Mitsotakis once more on his election victory. She also repeated her condolences on the murder of his son-in-law (Mrs. Bakoyianni's husband).

Bilateral Matters

The Prime Minister said we were grateful for the personal attention which Mr. Mitsotakis had given to the case of Mr. Paul Ashwell. We hoped that matters could be resolved speedily, so that he could soon return to the United Kingdom. Mr. Mitsotakis said there was every prospect of the affair ending well. He looked forward to an early trial which would lead to Mr. Ashwell's freedom soon. The Greek Ambassador tried to interject a note of caution, referring to the need to go through the proper judicial procedures. It was agreed to tell the press that there had been a positive discussion between the two Prime Ministers and we were hopeful for Mr. Ashwell's early release.

The Prime Minister said we would be happy to co-operate more closely with the Greek Government on security matters and to provide training for Mr. Mitsotakis' bodyguards. Mr. Mitsotakis registered this with pleasure.

Greek Economy

Mr. Mitsotakis spoke at some length about the problems of the Greek economy and the difficult measures he was taking to put

it to rights. He believed that his policies were leading Greece in the right direction. He hoped for a positive response from the European Community. The Community had helped Greece's socialist government in 1985 and should be no less forthcoming now that more sensible policies were being pursued. There was due to be a discussion of this at ECOFIN on 10 June. He hoped that the Prime Minister would encourage the British representative to be helpful.

The Prime Minister quizzed Mr. Mitsotakis thoroughly on the purposes to which an EC loan would be put, pointing out that Greece already received substantial help through the Structural Funds. She would not wish to see the money spent on subsidies to state-owned enterprises. Mr. Mitsotakis said that the problem was that Greece could not find the money for its own share of Structural Fund projects. He was looking in the first instance for moral support for the policies which he was undertaking. He hoped that the Community would acknowledge that Greece was really trying. A loan would be used for financing infrastructure projects which were vital to Greece's economic health. Other EC Member States had been able to look to the Community for solidarity and Greece would expect no less. The Prime Minister underlined the importance of strengthening the private sector and asked whether Mr. Mitsotakis envisaged seeking IMF help and an IMF programme. Mr. Mitsotakis said this would be politically impossible. Greece's problems had to be solved within Europe.

It was apparent from Mr. Mitsotakis' demeanour that he was a bit taken aback by the Prime Minister's interrogation and disappointed at her failure to commit us to support an EC loan.

NATO

Mr. Mitsotakis said that his government would change Greek policy towards NATO. Greece would be more fully integrated into the military structure of the Alliance and would not cause the same sort of difficulties as in the past. The Prime Minister asked about negotiations with the United States over bases. Mr. Mitsotakis said that these were virtually finished and he expected to sign a new agreement before the end of the month.

Commercial Relations

Mr. Mitsotakis said that he wanted to strengthen bilateral economic and trade relations between Greece and the United Kingdom. Greece needed investment from abroad. Sir David Miers referred to the City of London mission which would visit Greece shortly. Mr. Mitsotakis said that he welcomed this. There was mention of a number of specific projects, including RACAL mobile telephones, the new Athens airport and the Acheloos river diversion scheme.

Greece/Turkey

Mr. Mitsotakis said that his government would seek dialogue with Turkey. He had always been a proponent of this: indeed it had been one of his main disagreements with Papandreou. He had

(B)

0252
MDHIAN 435

MWM 020/6
RECEIVED IN REGISTRY
12 JUN 1990

TOP COPY
Q DIST ?

CONFIDENTIAL
FM LUXEMBOURG
TO DESKBY 120900Z FCO
TELNO 160
OF 112123Z JUNE 90
AND TO IMMEDIATE UKREP BRUSSELS, ATHENS
INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS

FRAME ECONOMIC

FROM UKREP BRUSSELS

ECOFIN COUNCIL: 11 JUNE 1990

GREECE

SUMMARY

1. GREEK ECONOMIC SITUATION RAISED UNDER MULTILATERAL SURVEILLANCE ITEM. CHANCELLOR ALSO HAD BILATERAL MEETING WITH CHRISTODOULOU (ALTERNATE MINISTER OF FOREIGN AFFAIRS) AT THE LATTER'S REQUEST. CHRISTODOULOU MADE NO SPECIFIC PROPOSAL FOR EC ASSISTANCE BUT SOUGHT A GENERAL EXPRESSION OF SOLIDARITY. REACTION IN COUNCIL WAS THAT THE GREEK ECONOMIC REFORM PROGRAMME WAS A NECESSARY STEP IN THE RIGHT DIRECTION BUT THAT MORE REFORMS WOULD BE NEEDED.

DETAIL

2. CHRISTODOULOU GAVE AN ACCOUNT OF THE NEW GREEK GOVERNMENT'S REFORM PROGRAMME UNDER THE MULTILATERAL SURVEILLANCE ITEM IN HIGHLY RESTRICTED SESSION. HE EMPHASISED PLANS TO PRIVATISE STATE ENTERPRISES, TO REDUCE PUBLIC SECTOR EMPLOYMENT AND INCREASE TAX RECEIPTS. HE HOPED THAT IT WOULD BE POSSIBLE FOR THE DRACHMA TO ENTER THE EXCHANGE RATE MECHANISM OF THE EMS BY THE END OF 1993. AS ALWAYS IN A DEMOCRACY HOWEVER THE PROGRAMME WOULD BE SUBJECT TO WHAT IS FEASIBLE. HE ASKED FOR AN EXPRESSION OF SOLIDARITY AND COOPERATION FROM THE COMMUNITY TO RESTORE CONFIDENCE IN GREECE.

3. CHRISTOPEHRSEN (COMMISSION) SAID THAT THE GREEK REFORM PROGRAMME WAS AN IMPRESSIVE PACKAGE WHICH HE HOPED WOULD BE PROCESSED THROUGH THE GREEK PARLIAMENT AT HIGH SPEED. TO RESTORE CONFIDENCE IT WOULD BE NECESSARY TO REDUCE THE PUBLIC SECTOR DEFICIT BELOW 10 PER CENT GNP AND ACHIEVE SUBSTANTIAL STRUCTURAL ADJUSTMENT. REYNOLDS (PRESIDENCY) NOTED THAT THE ROAD TO SUCCESS WAS ALWAYS BUMPY. IN THE CONCLUSIONS ON MULTI-LATERAL SURVEILLANCE GREECE WAS

SAID TO BE PARTICULARLY OUT OF LINE WITH THE CONVERGENCE OBJECTIVES. THE GOVERNMENT HAD TAKEN SOME ACTION BUT MORE WERE NEEDED. NO OTHER MINISTERS INTERVENED IN THE COUNCIL DISCUSSION ON THIS POINT.

4. THE CHANCELLOR HAD A PRIVATE MEETING WITH CHRISTODOULOU AT THE LATTER'S REQUEST BEFORE THE COUNCIL MET. THE CHANCELLOR EXPLAINED THAT HE WAS FULLY AWARE OF THE DISCUSSION BETWEEN MITSOTAKIS AND THE PRIME MINISTER AND THAT DIFFERING REPORTS OF THE MEETING HAD CIRCULATED SUBSEQUENTLY. HE WAS CONSCIOUS OF THE DIFFICULTY OF THE DECISIONS WHICH GREECE HAD HAD TO TAKE EG ON DE-INDEXING SALARIES AND INCREASING TAXES. THE UK WAS GENERALLY SUPPORTIVE OF THE GREEK GOVERNMENT'S EFFORTS BUT WE WERE NOT CLEAR HOW THEY WERE LIKELY TO DEVELOP.

5. CHRISTODOULOU REPLIED THAT HIS GOVERNMENT HAD A VERY SLIGHT MAJORITY WITH A POPULIST OPPOSTION. GREECE HAD HAD THREE ELECTIONS IN TEN MONTHS AND IT WOULD BE INCONCEIVABLE TO SEEK ANOTHER ONE. H DESCRIBED THE GOVERNMENT'S PLANS TO GET CONTROL OF THE PUBLIC SECTOR AND INFLATION. HE STRESSED THE NEED TO REBUILD THE PRODUCTIVE POTENTIAL OF THE COUNTRY. HE HAD NO INTENTION OF FLOATING SPECIFIC PROPOSALS FOR ADDITIONAL SUPPORT AT PRESENT BUT DID NOT EXCLUDE SEEKING A FURTHER FINANCIAL PACKAGE IN THE FUTURE. A SPECIFIC PROBLEM WAS HOW TO ABSORB THE MONEY ALLOCATED TO GREECE UNDER THE EC STRUCTURAL FUNDS. HE INTENDED TO APPLY TO THE EUROPEAN INVESTMENT BANK FOR WHATEVER FACILITIES WERE AVAILABLE UNDER EXISTING RULES BUT DENIED PRESS REPORTS THAT HE WAS SEEKING A 7 BECU LOAN. HE DID NOT EXCLUDE THE POSSIBILITY OF SEEKING A FURTHER LOAN FROM THE EC BUT RULED OUT RENEGOTIATING THE EXISTING LOAN WHICH HAD BEEN CONCEDED TO THE PREVIUS PASOK GOVERNMENT. HE NOTED THAT GREEK PER CAPITA GNP HAD FALLEN FROM 59 PER CENT OF THE EC AVERAGE IN 1980 TO 50 PER CENT NOW AND THAT GREECE WAS SUFFERING FROM A LACK OF VIABLE INVESTMENT. HE HOPED THAT THE COMMUNITY WOULD BE ABLE TO MAKE A PUBLIC EXPRESSION OF SUPPORT FOR MEASURES HIS GOVERNMENT WAS TAKING TO REMOVE THE EFFECT ON CONFIDENCE WHICH HAD BEEN CREATED BY THE DELORS LETTER SHORTLY BEFORE THE ELECTIONS.

6. THE CHANCELLOR THANKED CHRISTODOULOU FOR HIS EXPOSITION. HE SAW NO DIFFICULTY IN PRINCIPLE IN SUPPORTING THE MEASURES WHICH HAD BEEN TAKEN BY THE GREEK GOVERNMENT, ALTHOUGH MORE WOULD NO DOUBT BE NECESSARY. SUCH SUPORT COULD NOT BE ASSUMED TO EXTEND TO ANY SUBSEQUENT MORE SPECIFIC PROPOSALS, WHICH WOULD HAVE TO BE CONSIDERED ON THEIR MERITS. HE THOUGHT THAT THE MONETARY COMMISSION WOULD BE THE BEST FORUM TO CONSIDER SUCH PROPOSALS. ANY SUGGESTIONS FOR EIB LENDING WOULD HAVE TO CONFORM WITH THE RULES OF THAT

ORGANISATION.

7. CHRISTODOULOU NOTED THAT THE MONETARY COMMITTEE HAD THE REPUTATION TAKING A RATHER ABSOLUTIST VIEW OF SUCH QUESTIONS. IT WOULD IN HIS VIEW BE NECESSARY TO TAKE ACCOUNT OF POLITICAL REALITIES. EVEN THE PRESENT REFORM PROGRAMME WOULD BE BOUND TO BE UNPOPULAR IN CERTAIN SECTORS OF THE POPULATION. THE CHANCELLOR RELIED THAT HE WAS SYMPATHETIC WITH THE AIMS OF THE GREEK GOVERNMENT BUT GENERAL SYMPATHY SHOULD NOT BE UNDERSTOOD AS IMPLYING THAT THE UK COULD NECESSARILY SUPORT ANY DETAILED PROPOSALS WHICH THE GREEKS MIGHT SUBSEQUENTLY MAKE.

CAMPBELL

YYYY

DISTRIBUTION 194

MAIN 193

.FRAME ECONOMIC ECD (I) [-]

ADDITIONAL 1

FRAME

NNNN

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

EHG(D) 90 (8)

20 JUNE 1990

EUROPEAN COUNCIL, DUBLIN,

25/26 JUNE 1990

GERMAN UNIFICATION - EC ASPECTS

OBJECTIVES

- Stress importance of alignment of GEMU measures with EC rules/legislation and urge early Commission proposals on areas where transitional derogations after unification are needed.

POINTS TO MAKE

- In Dublin on 28 April we agreed a satisfactory framework for handling process of integration both before and after political unification. But circumstances have changed. Accelerated timetable of German political unification increases urgency of work on EC implications.

- Objective must still be to reach agreement before unification on any transitional measures which will be necessary after it. So welcome Commission intention to put specific proposals to Council in September. Important that they cover all areas where transitional derogations needed. Hope we can avoid blanket derogations.

- Welcome Commission paper on GEMU State Treaty. Important before unification to avoid any difficulties between EC 11 and GDR over discriminatory levies and tarrifs; align decisions on mergers/takeovers with EC competition and state aids rules; settle conditions for foreign ownership/ investment in GDR; and ensure effective arrangements at eastern German border.

References: A: Summary of Commission paper (UKRep telno 1799)
B: Commission paper
C: Dublin I Conclusions on EC/GDR

BACKGROUND

1. The 28 April European Council considered the EC implications of German unification against an expected unification date at the end of 1991 or early in 1992. Heads of State and government endorsed the Commission's procedural proposals that:

a) in the period between GEMU and political unification decisions affecting the GDR economy should take into account EC competition and state aids rules. The FRG Government undertook to inform the Community of such decisions and to involve the Commission;

b) in consultation with the FRG and GDR the Commission should prepare an assessment of the areas in which temporary transitional arrangements might be needed after political unification;

c) negotiations on such derogations would be conducted before unification, and would involve the full Council.

2. The acceleration of German political unification has pushed Commission preparations forward: they now plan to table their proposals for transitional derogations by September. Other member states share our concern for a speedy and orderly integration process, which does not distort the balance of trade within the Community or involve discrimination against non-German interests.

3. Contacts between the Commission and the FRG about GEMU decisions affecting the GDR economy have so far been

satisfactory. Arrangements for handling state aids before unification have been worked out; and the FRG has responded constructively to concern about the potentially anti-competitive effect of takeovers mooted by FRG companies in the GDR (eg Allianz' bid for the GDR insurance monopoly). But Sir L Brittan believes there is still room for concern.

4. The Commission have prepared a factual paper on the implications for the EC 11 of the GEMU State Treaty. It notes the continuing uncertainty about rules governing private ownership in the GDR and limits on foreign holdings in GDR enterprises; implementation of a discriminatory road haulage tax from January; the lack of commitment to continue to monitor trade between GDR and FRG; and the need for effective customs policing of the GDR's Eastern border.

5. The GDR has undertaken to introduce Community agricultural support arrangements, including EC support prices, for the great majority of agricultural produce from the beginning of July. At the same time food subsidies will be abolished. This should facilitate the introduction of the CAP in East Germany on unification, but transitional derogations will still be required in some areas, and we will also need some permanent adjustments to the CAP (for example, milk quotas and maximum guaranteed quantities for other commodities will have to be adjusted to take account of East German production).

6. Problems have arisen over the GDR intention to impose reciprocal levies on agricultural (and possibly industrial and ECSC) imports from the EC 11. If the GDR go ahead, the Commission have proposed measures which would give them devolved power to remove EC levies against the GDR on a reciprocal basis in cases where the GDR enjoys external barriers comparable to those of the Community. We have supported this, and hope the matter will be resolved before 1 July.

SF1ABS/3

A

RESTRICTED
FM UKREP BRUSSELS
TO IMMEDIATE FCO
TELNO 1799
OF 132003Z JUNE 90
INFO ROUTINE EUROPEAN COMMUNITY POSTS ~~EAST~~ BERLIN

FRAME GERMANY

MY TELNO 1740: GERMAN UNIFICATION

SUMMARY

1. THE COMMISSION TODAY ADOPTED ITS PAPER ON THE IMPLICATIONS OF THE STAATSVERTRAG (SAME TEXT AS PREVIOUSLY FAXED TO FAC AND BONN) AS WELL AS DRAFT REGULATIONS GIVING POWER TO SUSPEND TARIFFS AGAINST THE GDR ON AGRICULTURAL AND INDUSTRIAL PRODUCTS. A FURTHER REGULATION DEALING WITH ECSC PRODUCTS WAS HELD UP FOR TECHNICAL REASONS AND SHOULD BE ADOPTED SHORTLY.

DETAIL

2. THE PAPER STARTS BY SUMMARISING THE PROVISIONS OF THE STAATSVERTRAG UNDER THE HEADINGS : MONETARY UNION, PUBLIC FINANCES, ECONOMIC UNION AND SOCIAL UNION. IT NOTES THAT THE FRG GOVERNMENT WAS AIMING DURING THE NEGOTIATIONS TO PREPARE THE GROUND FOR GERMAN UNIFICATION AND THAT THE GENERAL CONTENT OF THE AGREEMENT IS COMPATIBLE WITH COMMUNITY LAW. ON AGRICULTURE, IT NOTES THAT THE AGREEMENT PROVIDES FOR THE GDR TO REFRAIN FROM INTRODUCING LEVIES OR REFUNDS IN TRADE WITH THE OTHER ELEVEN COMMUNITY COUNTRIES PROVIDED THAT THE COMMUNITY DOES LIKEWISE WITH THE GDR. IT SAYS THAT THE AGREEMENT CAN BE INTERPRETED TO MEAN THAT THIS PRINCIPLE ALSO APPLIES TO THE ALIGNMENT OF THE GDR'S CUSTOMS SYSTEM ON THE COMMUNITY'S. IT FURTHER NOTES THAT THE AGREEMENT PROVIDES FOR ESTABLISHMENT AS SOON AS POSSIBLE OF THE CONDITIONS FOR ELIMINATION OF CONTROLS AT THE IGB AND THAT THE COMMISSION HAS MADE IT CLEAR THAT COOPERATION OVER INNER GERMAN TRADE MUST BE MAINTAINED. FINALLY, THIS SECTION NOTES THE REQUIREMENT IN THE AGREEMENT THAT THE GDR ADOPT THE FRG'S ROAD TAX FOR LORRIES WHICH THE COMMISSION IS CURRENTLY CHALLENGING.

3. A SECTION ON THE MACRO-ECONOMIC IMPLICATIONS SUGGESTS THAT THE STIMULUS TO GROWTH IN THE FRG SHOULD BE ABOUT 1 PERCENT A YEAR IN THE TWO YEARS IMMEDIATELY FOLLOWING GEMU AND IN THE COMMUNITY 0.5 PERCENT.

4. IN DISCUSSING THE EFFECTS OF THE AGREEMENT IN THE PERIOD LEADING UP TO UNIFICATION THE PAPER NOTES THAT THE AGREEMENT ALREADY IMPLIES SUBSTANTIAL STEPS TOWARDS UNIFICATION THROUGH THE INTRODUCTION OF NEW LEGISLATION WHICH WILL BE CONSISTENT WITH COMMUNITY LAW. FOR EXAMPLE NEW INDUSTRIAL PLANT IN THE GDR WILL HAVE TO SATISFY THE FRG'S ENVIRONMENTAL LEGISLATION AS FROM THE ENTRY INTO FORCE OF THE AGREEMENT.

5. IN A SECTION ON THE MANAGEMENT OF THE INTERIM PERIOD, THE PAPER JUST LOOKS AT THE PROTOCOL ON INNER GERMAN TRADE AND SUGGESTS THAT ANY PROBLEMS, WHICH WILL BE REDUCED AS GDR PRICES COME NEARER TO THOSE IN THE FRG CAN BE RESOLVED BY ADMINISTRATIVE COOPERATION. ON LEVIES, REFUNDS, CUSTOMS DUTIES AND QRS, IT NOTES THAT THESE WILL NOT BE APPLIED TO THE ELEVEN PROVIDED THE COMMUNITY OFFERS RECIPROCITY. IT CALLS FOR LEGAL INSTRUMENTS TO BE AVAILABLE TO ENABLE THE COMMUNITY TO PROVIDE SUCH RECIPROCITY. ON STATE AIDS, IT NOTES THAT THE FEDERAL AUTHORITIES WILL INFORM THE COMMISSION OF ANY MEASURES TO DEVELOP THE GDR ECONOMY AND THAT THESE WILL BE EXAMINED FOR COMPTABILITY WITH ARTICLES 92. THE PAPER RECALLS THE EUROPEAN COUNCIL'S AGREEEMENT TO THE GDR HAVING ACCESS TO EIB, EURATOM AND ECSC LOANS. FINALLY, IT NOTES THE NEED FOR CLOSE COMMISSION INVOLVEMENT IN DISCUSSIONS ABOUT THE GDR'S EXTERNAL COMMITMENTS.

6. IN THE FINAL SECTION THE COMMISSION SAY THEY WILL ENDEAVOUR TO PRESENT AN OVERALL REPORT IN SEPTEMBER SETTING OUT ALL THE PROPOSALS FOR TECHNICAL ADJUSTMENTS TO SECONDARY LEGISLATION AND THE NECESSARY TRANSITIONAL MEASURES. CLOSE COOPERATION WITH THE COUNCIL AND PARLIAMENT WILL BE NEEDED TO GET THE LEGISLATION IN PLACE IN TIME.

7. THE DRAFT REGULATIONS PROVIDE FOR DECISIONS TO SUSPEND THE APPLICATION OF CUSTOMS DUTIES AND LEVIES IN TRADE WITH THE GDR AS WELL AS THE APPLICATION OF QUANTITATIVE RESTRICTIONS PROVIDED THE GDR INTRODUCES COMMUNITY CUSTOMS LEGISLATION AND AGRICULTURAL POLICY AND PROVIDES FREE ACCESS FOR COMMUNITY GOODS.

HANNAY

YYYY

DISTRIBUTION 211

MAIN 211

FRAME GERMANY
ECD(I) [-]

NNNN

COMMISSION
OF THE EUROPEAN
COMMUNITIES

Secretariat General

Brussels, 13 June 1990

SEC(90) 1138

THE COMMUNITY AND GERMAN UNIFICATION : IMPLICATIONS OF THE STAATSVERTRAG

(Communication from the Commission)

2

CONFIDENTIAL

The Community and German unification: implications of the Staatsvertrag

(Communication from the Commission)

Introduction

1. The draft Treaty on monetary, economic and social union (Staatsvertrag) between the Federal Republic of Germany and the German Democratic Republic represents a decisive step towards German unification. The Staatsvertrag, which is scheduled to come into force on 1 July 1990, involves the immediate introduction of monetary union (with transfer of sovereignty to the Bundesbank) and the gradual integration of the German Democratic Republic in the economic and social system of the Federal Republic of Germany. Under Article 11(3) of the Staatsvertrag, the German Democratic Republic will align its policy on Community objectives. The preamble states that the provisions of the Treaty must ensure that Community law is applied after the achievement of German unity. The Staatsvertrag is thus both the legal framework and the main instrument for the gradual integration of the German Democratic Republic into the legal order of the Community ahead of the formal unification of the two Germanies.

2. In line with the conclusions of the special meeting of the European Council in Dublin, the Federal Government has regularly informed the Community (Council meetings on general affairs or economic and financial affairs) about the progress of the inter-German negotiations on the Staatsvertrag.
The Commission too has had detailed talks with the Ministers and State Secretaries in the Federal Government responsible for the various areas covered by the Staatsvertrag.
The Commission has also, on a number of occasions, been able to discuss in detail with the Federal Republic of Germany's main negotiator how the proposed Staatsvertrag will affect the Community's powers.
The Commission has thus been able to state its views on certain basic principles and on the substance itself of various provisions.

3. The purpose of this paper is to:

- give a brief summary of the contents of the Staatsvertrag,
- assess its compatibility with Community law;

- discuss various macroeconomic implications at Community level;
- comment on the effects ahead of integration;
- highlight certain immediate implications to ensure the success of the interim period;
- set out the timetable for adjusting Community law to integrate the German Democratic Republic into the Community.

STAATSVERTRAG: main points

4. The main points of the monetary union part of the preliminary Staatsvertrag concern the conversion rate, the treatment of enterprise debt and restrictions on public finances.

From 1 July 1990, the DM will become the only means of payment in the German Democratic Republic. Sovereignty in the conduct of monetary policy is taken over by the Bundesbank. The prevailing regulations of bank supervision will also apply in the German Democratic Republic. Wages and pensions which prevailed at 1 May will be converted at a rate of 1:1. In general, debt and claims will be converted at a rate of 2:1. However, for residents of the German Democratic Republic, the conversion rate for savings including cash money will be 1:1 within the following limits : children (age group 0-14) - DM 2.000, persons (age group 15-60) - DM 4.000, elderly (age group over 60) - DM 6.000. Remaining money in circulation and savings - with some macroeconomically minor exceptions - will be converted at a rate of 2:1.

Non-residents are allowed to exchange Mark at a rate of 3:1 into DM, however, only to the extent that these have been issued by German Democratic Republic banks after 31 December 1989.

As cash money can be converted at the same conditions as savings accounts, equalization activities first among families but also among the population in general can be expected. Therefore, the theoretical maximum amount of 64 bn DM will probably be converted into DM at 1:1, leading to equalization needs (Ausgleichsforderungen) on the balance sheet of the German Democratic Republic government of about 32 bn DM.

5. Regulations affecting public finances in both the Federal Republic of Germany and the German Democratic Republic budgets concern transfer payments from West to East, budget and borrowing rules for the German Democratic Republic budget, German Democratic Republic public debt after unification, revenue and expenditure structure of the German Democratic Republic budget.

Public transfers in particular consist of support for the old age pension scheme and unemployment insurance (Anschubfinanzierung). These transfers will be limited as they will correspond to budget positions announced in the budget of the Federal Republic of Germany.

4

As regards budget procedures, the German Democratic Republic is obliged to introduce the West German tax system. Strict borrowing requirements will prevail for different budgets excluding the social security budget. Approval by the Minister of Finance of the Federal Republic of Germany is required for a budget deficit.

Public debt which exists at the time of unification will become public debt of the German Democratic Republic-Länder. This would relieve the Federal budget of any additional debt burden associated with a unified Germany.

While on the revenue side the German Democratic Republic will have to introduce the Federal Republic of Germany tax system, on the expenditure side subsidies for private households and the dwelling sector will have to be reconsidered or abolished. As regards agriculture, CAP regulations will be introduced. Salaries for public servants will have to take account of the general economic and financial conditions in the German Democratic Republic.

DM 115 bn

A financial fund named "Deutsche Einheit" has been created to provide financial resources to the German Democratic Republic. The overall amount is 115 bn DM, of which 20 bn should be provided by expenditure cuts, while the remaining 95 bn DM will be financed on the capital market. Liabilities are equally shared between the Federal Government and the Länder.
The fund is designed to finance 2/3 of the predicted budget deficit of the German Democratic Republic within the next 4 ½ years. It is not project-linked, i.e. to rebuild the infrastructure of the German Democratic Republic. Moreover, it does not include supplementary contributions to the social security system in the German Democratic Republic. The total amount is spread over a period of 4 ½ years. The contributions of the Federal Republic of Germany to the German Democratic Republic-budget deficit amount to 2/3 of the territorial authorities' deficit in 1990 and 1991. Therefore, fiscal policy in the German Democratic Republic seems to be under a constraint not to exceed the expected deficit.
Any potential financial risks will mainly be borne by the Federal Government, as the existing revenue-sharing mechanisms, i.e. sharing of income tax, value added tax and the horizontal Länder equalization-mechanism (Länderfinanzausgleich) will not be altered until 1994.

5. On economic union, the Staatsvertrag provides for the introduction of the basic rules governing market economies in the German Democratic Republic, e.g. contract freedom between economic agents, abolition of administered prices, wage autonomy on both sides of industry sector of private property rights.

As regards trade, the conditions of German-German trade concerning goods of German origin will be normalized and treated as inter-regional trade. There will be no border and customs control for goods of German origin and exports to the other parts of Germany will not initiate special VAT procedures. Goods of non-German origin, will be treated as normal imports (exports). An inner-German border control will thus still be necessary. Both parties, however, have agreed to prepare the ground for the abolition of inner-German border as soon as possible.

Special quantitative rules can also be introduced in agricultural trade with the Federal Republic of Germany. Nevertheless, the German Democratic Republic is introducing EC regulations including the respective producer price system.

The structural adjustment of enterprises can be supported by the German Democratic Republic government by providing financial resources during a transition period. This support is however dependent upon the financial situation of the German Democratic Republic budget and the consent of the Federal Republic of Germany government must be obtained.

7. According to the social union part, pension, health, accident and unemployment insurance will be administered by self-governing bodies under the legal supervision of the state. They are mainly financed through contributions by employers and employees (normally 50 % each). The German Democratic Republic introduces an unemployment insurance scheme comparable to the Federal Republic of Germany's. A health insurance scheme will be established. In the case of illness, wages are paid by employers according to the regulations in the Federal Republic of Germany. Pensioners have to contribute to the health insurance system. Pensions are fixed at a level that represents 70 % of the average net wages in the German Democratic Republic (after 45 years of paying contribution to the pension system). If the pension would fall below the previous German Democratic Republic pension, the amount of the previous pension will be paid in DM. Pensions will be adjusted according to the development of net wages. If, during a transitional phase, regular contributions to the pension and unemployment schemes do not fully cover expenditures, the Federal Republic of Germany will make a transitory contribution (Anschubfinanzierung).

Compatibility of the Staatsvertrag with Community law

8. During the negotiation of the Staatsvertrag the Federal Government had the job of pursuing the objective of preparing the ground for German unification and at the same time protecting Germany's rights and obligations deriving from Community law.

It was helped by two factors. First, Community law already makes allowance for Germany's special situation, in particular with the Protocol on German internal trade and connected problems. Second, from the start of the negotiations between the two Germanies, the objective of the Staatsvertrag was to gradually align the law and policy of the German Democratic Republic on Community law.

This objective is reflected in:

- the preamble to the Staatsvertrag, where the contracting parties state their intention that the Staatsvertrag should ensure application of Community law after unification;

- Article 11(3), which provides that the German Democratic Republic should gradually align its economic policy on Community law and the Community's economic objectives, while at the same time respecting the existing economic links with COMECON;

- the first of the principles enshrined in a Protocol annexed to the Staatsvertrag which, as stated in Article 4, is designed to allow the adjustment of German Democratic Republic law to be directed by the requirements of the monetary, economic and social union to be attained by the Staatsvertrag. This fundamental principle is that German Democratic Republic law will be shaped in accordance with the principles of a free, democratic, social and constitutional order and will move towards the legal order of the European Community.

9. The general content of the Staatsvertrag, including its nine annexes, and the institutional arrangements for its application are compatible with Community law, given what has been said above. A number of areas covered by the Staatsvertrag are, however, within the Community's jurisdiction. This is in particular the case with Article 13, which deals with commercial policy, an area where the Community has exclusive powers.
The final text of the Staatsvertrag contains provisions which take account of these considerations:

- Article 35 provides that the Staatsvertrag does not affect the international treaties concluded by the Federal Republic of Germany and the German Democratic Republic, which means that from the outset there is no incompatibility between the obligations which the Federal Republic of Germany has contracted with the German Democratic Republic and its obligations towards the Community;

- Article 13 (3) of the Staatsvertrag, which provides for close cooperation between the contracting parties to defend their external policy interests, stipulates that this cooperation must not infringe the powers of the European Communitities.

10. It would have been desirable to stipulate that the arbitration tribunal provided for in Article 7 of the Staatsvertrag should seek preliminary rulings from the Court of Justice in accordance with the Article 177 EEC procedure when it has to settle disputes between the contracting parties on the interpretation of the Staatsvertrag which involve matters of Community law. However, it is not essential that this be stipulated, since it can be argued that it derives automatically from the combined provisions of Article 35 of the Staatsvertrag and Article 177 EEC interpreted in the light of the objectives of aligning the German Democratic Republic's law on Community law as mentioned at point 1. The Federal Government should be able to give an undertaking that it will defend this point of view in any procedure before the arbitration tribunal.

There is, in fact, a certain link between this tribunal and the Community, because if the parties fail to agree, the President of the Court of Justice will have to appoint its President.

11. The objective of aligning the German Democratic Republic's law on Community law is pursued in many areas in the Staatsvertrag. The Commission hoped that in this context the principle of equal treatment for Community nationals and firms would be clearly asserted.The provisions of the Staatsvertrag on agriculture are wholly satisfactory from this point of view: Article 15 of the Staatsvertrag on the alignment of the German Democratic Republic's system of price stabilization and external protection on the CAP contains a provision that the German Democratic Republic will refrain from introducing levies or refunds in trade with the other eleven Community countries provided that the Community does likewise with the German Democratic Republic (Article 15(1)).
The Staatsvertrag can be interpreted to mean that this principle applies to the provisions of the Staatsvertrag concerning the alignment of the German Democratic Republic's customs system on the Community system (Article 30 of the Staatsvertrag on customs law and Article 12(2) on customs surveillance).
Similarly it can be argued that the basic principles of a market economy as stated in Article 2 of the Staatsvertrag will be applied with due respect for equal treatment for Community nations and firms in the areas of Community jurisdiction.

When the Staatsvertrag was signed, the German Democratic Republic stated that it will afford nationals and firms from all the Community Member States, on a basis of reciprocity, the same treatment as natural persons and firms in the Federal Republic of Germany if the matter concerned might affect the areas of jurisdiction of the European Communities and there is no express provision to the contrary in the Staatsvertrag.

In view of the objectives of the Staatsvertrag, the statement made by the German Democratic Republic when it was signed and the assurances given by the Federal Government, it can be stated that this equality of treatment will be respected in the application of the Staatsvertrag in the areas of Community jurisdiction.

12. The Staatsvertrag will also affect certain more specific areas of Community law. It will be noted in this respect that the parties are resolved to establish "as soon as possible" the conditions required to completely eliminate controls at the inter-German border (Article 12(3) on inter-German trade) and to remove the tax frontier between them as regards VAT (Article 31(2) on taxation). These provisions must be seen in the context of the Protocol on German internal trade. The Commission has made it quite clear to the Federal authorities that in its view, the existing practice of administrative cooperation with the Commission in the management of German internal trade should make it possible to adapt this management to an increased volume of trade while at the same time continuing to maintain adequate surveillance adapted to the new circumstances. It will be noted that the Staatsvertrag requires the German Democratic Republic to introduce the road tax for lorries planned in the Federal Republic of Germany. The Commission is challenging the compatibility of this tax with Community law.

Macroeconomic implications

13. The prospective economic and monetary unification of the two German states will have a significant positive impact on activity in the Community. It will also contribute to reduce the large external imbalances among some Member States.
Providing German Democratic Republic residents with hard currency will probably imply an important shift in the internal demand of the German Democratic Republic towards imports. This will add to the demand effects arising from desired foreign direct investment in the German Democratic Republic and public transfers. All in all, the growth stimulus for the Federal Republic of Germany can be expected to be around 1% of GDP per year in the two years following the introduction of the monetary union,and the effect on the Community as a whole 0.5%.

For the German Democratic Republic a big adjustment process will be required. In the very short run significant imbalances in the form of a current account deficit, a fiscal deficit and unemployment might occur. Provided wages are kept at a realistic level relative to the expected level of productivity, it seems, however, reasonable to expect that substantial investments from both the Federal Republic of Germany and other countries will ensure an accelerated pace of catching-up. To alleviate bottlenecks in infrastructure and ease the adjustment process, transfers from the Federal Republic of Germany are likely to play a considerable role.

14. For the Federal Republic of Germany, the growth dividend referred to above will by the automatic stabilizer effect lead to an increase in the revenue side of the federal budget. This will in some way compensate for the increased transfers to German Democratic Republic. The likely deficit of the total budget for the two German States will also be reduced by revenues from privatization of public property in the German Democratic Republic.
The labour market in the Federal Republic of Germany will be affected by integration forces arising from Monetary, Economic and Social Union and leading to new kinds of spill-over effects. Cross-border contracts will become quite attractive to German Democratic Republic residents as they could combine high salaries with low rents.

15. For the Federal Republic of Germany and the rest of the Community the increased demand effect on both consumption and investment might in the short run lead to some inflationary pressure given the already high levels of capacity utilization.
It is, however, to be assumed that the monetary authorities in the Federal Republic of Germany will be reasonably succesful in sterilizing the excess liquidity that will result from currency conversion and that transitory distortions in the behaviour of monetary aggregates will not unduly affect long-term inflationary expectations.
To mitigate any potential inflationary pressure and to avoid any overloading of the monetary policies in the Member States, equal access to the market of the German Democratic Republic will be an important factor.The Federal Republic of Germany might also facilitate the process and reduce the burden of monetary policy by a reduction of subsidies.

Outside the Federal Republic of Germany, the positive growth stimulus would facilitate the task of fiscal adjustment in the countries where public deficits or debt are very high. This would be fully in line with the need for more convergence in the Community and would facilitate the process of creating Economic and Monetary Union.

Effects ahead of integration

16. In its communication to the Dublin European Council on the Community and German unification, the Commission stated that the integration of the German Democratic Republic in the Community will be prepared and assisted by the legislative reform required for the gradual integration of the German Democratic Republic in the Federal order during the interim adjustment phase, i.e. before the unification of the two Germanies. The Commission thus expressed the view that the German Democratic Republic would be integrated into the Community ahead of unification. The Staatsvertrag confirms that the Commission was right.
In concluding the Staatsvertrag the German Democratic Republic undertakes to carry out far-reaching legislative reform in a short period of time as support measures for the institution of monetary, economic and social union.
There are two main aspects of this reform:

- Acceptance by the German Democratic Republic of a large number of the Federal Republic of Germany's laws and regulations, which will be introduced without any change when the monetary union is established on 1 July 1990. It is not only monetary legislation and banking and insurance legislation that is involved, but also major sections of the Federal Republic of Germany's civil law (i.e. the civil and commercial codes) and the main company law and worker participation legislation (Mitbestimmungsgesetze, Betriebsverfassungsgesetz);

- A substantial harmonization operation to adjust the German Democratic Republic's legislation to the general principles to be respected in the monetary, economic and social union, as stipulated in the Staatsvertrag and developed in greater detail in an annexed protocol. This harmonization, which is also to be largely completed by 1 July 1990, will first require the repeal or amendment of a number of the German Democratic Republic's laws and regulations listed in Annex III to the Staatsvertrag. Annex IX then specifies the areas in which the German Democratic Republic must introduce new legislation, e.g. competition, price formation and control, taxes and excise duties.

Accomplishment of this legislative reform will have major consequences for the gradual integration of the German Democratic Republic into the Community legal order, ahead of the unification of the two Germanies.

These consequences will be evident in the legal structures required to accommodate a market economy and in the indirect and direct adjustments to Community law.

17. Integrating the German Democratic Republic into the Community will mean abolishing the centralized economy system and introducing principles and structures, from a legal angle too, to allow gradual development towards a market economy with a social dimension. Such measures are essential to enable the German Democratic Republic to fit into the common market. The Staatsvertrag provides for these reception structures to be set up during the interim adjustment phase:

- the monetary reform will involve ipso facto the inclusion of the German Democratic Republic in the European monetary system and prepare for its subsequent inclusion in European monetary union;

- monetary union, by eliminating all problems of convertibility of currencies and forcing the German Democratic Republic to introduce a banking system in accordance with the principles of a market economy, will clear the ground for the integration of the German Democratic Republic in the Community arrangements for free movement of capital, including freedom of payments under Article 106 EEC and its entrance into the European financial services market;

- introduction of a system of private property, competition with free price formation (ending of state subsidies), contract freedom and freedom to trade;

- recognition of the principles of free movement of workers, capital, goods and services (ending of the State monopoly on external trade);

- introduction of social legislation recognizing the basic principles of a social legal order: freedom of association, free negotiation of wages, right to strike, worker participation both in firms and companies, protection in the event of dismissal;

- introduction of a social security system (unemployment, sickness and retirement insurance).

18. The reform of the legislation and regulations to which the German Democratic Republic is pledged under the Staatsvertrag will involve indirect adjustments to Community law in certain sectors. First of all, this will concern some of the Federal Republic of Germany's legislation that the German Democratic Republic will be introducing, where such legislation is of Community origin, e.g. as a result of a harmonization requirement. VAT is an example, as is company law and law on the environment. For instance, upon entry into force of the Staatsvertrag, new industrial plant in the German Democratic Republic will have to satisfy the requirements of the Federal Republic of Germany's environmental legislation, which, in part, is harmonized at Community level. As regards existing plant, the German Democratic Republic has undertaken to satisfy these requirements as soon as possible. This automatic adjustment to Community law may occur in other cases with the process of harmonizing the German Democratic Republic's law in accordance with the principles and guidelines set out in the annexes to the Staatsvertrag, in particular in economic law (including banking and insurance) and social law.

19. In some cases the Staatsvertrag calls for direct adjustment to Community law ahead of unification. To begin with, the German Democratic Republic has given a general undertaking to base itself on the Community legal order when carrying out the legislative reform required under the Staatsvertrag (first of the rules set out in the joint protocol annexed to the Staatsvertrag, governing the process for harmonizing the German Democratic Republic's legislation). Other explicit references to Community law concern the following points:

- In adjusting and developing its economic policy the German Democratic Republic will move gradually in the direction of Community law and the Community's economic policy objectives. As regards commercial policy, this principle is in the form of the German Democratic Republic's undertaking to take over, in stages, the customs law of the Community, including the common customs tariff.

- In external economic policy, the German Democratic Republic will have to take into account the GATT arrangements. If this principle is applied it will facilitate the subsequent integration of the German Democratic Republic in the common commercial policy. As regards economic relations with the COMECON countries, and in particular the agreements involved, the Staatsvertrag recommends that the principle of legitimate expectation be respected. It provides for the continuation and development of these relations taking into account the existence of economic and monetary union, the interests of all the parties concerned and application of the principles of a market economy. It is recommended that these international obligations of the German Democratic Republic be adjusted as appropriate, with the agreement of its partners. This adjustment, which will at all events be necessary when the German Democratic Republic is incorporated in the Community, could thus be negotiated during the interim adjustment period. As the Federal Republic of Germany must be directly involved in these negotiations as provided for in the Staatsvertrag and as this is a matter where the Community has exclusive powers, the Community must be associated as well.

  The Staatsvertrag makes provision for this with the reference to the need to respect Community jurisdiction in this area.

- The German Democratic Republic will introduce a system of price support and protection in relation to the outside world corresponding to the market organization system of the common agricultural policy, in order to bring the prices of agricultural products within the country to a level that is comparable with that in the Community.

20. The Staatsvertrag thus makes effective preparations for the integration of the German Democratic Republic in the Community and will make it possible to achieve a substantial part of this integration before unification:

- by establishing the essential legal structures to permit the transition to a market economy system;

- by indirectly adjusting the German Democratic Republic's law to Community law in major economic and social sectors;

- by providing explicitly for such adjustments in other sectors.

Finally, it should be noted that the Staatsvertrage can be amended by a simplified procedure, i.e. by simple agreement between Governments, should that be necessary to achieve one of its objectives. If the implementation of the Staatsvertrag is a source of serious difficulties for the impending integration of the German Democratic Republic into the Community, it is quite conceivable that this procedure might be applied, as the objective of preparing for the adjustment of the German Democratic Republic's law to the Community legal order is clearly expressed in the Staatsvertrag.

Management of the interim period

21. The first thing to do is to consider the implications for the management of the Protocol on German internal trade and the consequences of early introduction (before formal unification) of a de facto customs union between the Community and the German Democratic Republic.

As regards management of the Protocol, administrative cooperation with Commission should make it possible - as in the past - to avoid any harmful effects for the economies of the other Member States.

In any case the Protocol would become far less important as selling prices in the German Democratic Republic would be formed by the interplay of supply and demand and trade in most products would be liberalized with the advance introduction of a de facto customs union between the German Democratic Republic and all the Member States.

22. According to the Staatsvertrag as interpreted above (point 11), levies, refunds, customs duties and quantitative restrictions would not apply to the Member States other than the Federal Republic of Germany (principle of equal treatment), provided that the Community offers reciprocity. Legal instruments must therefore be provided to make it possible to adopt a mirror approach on the Community side given that external protection and the CCT would apply and all the Member States would be able to export to the German Democratic Republic with no levies, customs duties and quantitative restrictions. This legislation would have to make possible, in due course, the autonomous suspension of customs duties, levies and quantitative restrictions with the German Democratic Republic.

The legislation should authorize the Commission to suspend customs duties and agricultural levies in the light of the measures applied in the German Democratic Republic (including the price level for agricultural products).

Appropriate proposals will be sent to the Council shortly.

Decisions not to apply refunds can be taken by the Commission.

23. The Commission has agreed with the Federal authorities that they will inform the Commission of any measures they take to develop the economy of the German Democratic Republic. Where such measures constitute or contain state aids the Commission will examine them for their compatibility with Article 92 of the EEC Treaty. One such scheme (the extension of the interest subsidies available under the European Recovery Programme to activities in the German Democratic Republic) has already been approved by the Commission and a further eleven measures are now under examination. This process will allow the Commission to ensure that all aid measures are in conformity with Community objectives and do not unfairly distort competition.

Article 14 of the Staatsvertrag requires coordination between the Governments of the Federal Republic and the German Democratic Republic on the content of certain structural measures proposed by the German Democratic Republic and Article 28 provides for financial grants from the Federal budget to compensate for budget deficits in the German Democratic Republic. Insofar as the application of these articles leads to aid measures in the German Democratic Republic which can only be implemented after the agreement of the Federal authorities and will be directly or indirectly funded from the Federal budget, the Commission considers that these aids must also be assessed under Articles 92, 93 of the EEC Treaty. The Commission is in contact with the Federal authorities to agree on the appropriate practical implementing arrangements to ensure control by the Commission of state aids granted by both German authorities.

24. At its special meeting on 28 April 1990 the European Council concluded that during the interim period the German Democratic Republic will have complete access to European Investment Bank loans and to the loan facilities available under the Euratom and ECSC Treaties.

As regards the EIB, the Council (Ecofin) on 11 June 1990 asked the Bank to provide the German Democratic Republic with loans for investment projects which satisfy the usual conditions governing the operations it finances from its own resources.

The Bank can therefore start up its loan operations in the German Democratic Republic.

The Commission has also just sent to the Council, for its assent, a draft Decision extending to the German Democratic Republic entitlement to all the loan instruments under the ECSC Treaty.

Finally, the Commission has proposed that the Council extend Euratom borrowing operations so that it will be possible to contribute to the financing of investment projects.

These facilities are in addition to Community support as part of the coordinated action of the Group of 24 and participation in EUREKA projects.

25. With the entry into force of the Staatsvertrag on 1 July 1990 the interim adjustment will have actually started.

This phase can be expected to be relatively short. It is therefore important that the Commission should continue to be closely involved in the subsequent discussions between the authorities of the two Germanies for the application of the Staatsvertrag in areas of Community jurisdiction and with the objective of gradually integrating the German Democratic Republic into the Community.

Such involvement is also necessary in the discussions between the Federal Republic of Germany and certain non-member countries (particularly the COMECON countries) concerning the external commitments of the German Democratic Republic (Article 13(3) of the Staatsvertrag). The Commission is expecting suitable arrangements to be established in the very near future to enable it to be involved with the Federal Republic of Germany in these discussions. The preparation of the technical adjustments to secondary legislation and the necessary transitional measures will at all events require thorough knowledge of all the facts about the German Democratic Republic and the adjustments to its legislation brought in ahead of the formal unification of the two Germanies.

The legislative proposals must be prepared in close collaboration with the German authorities.

Timetable

26. It is impossible at this stage to set a timetable for German unification, especially as this timetable will depend to a large extent on the accession (of the Länder) of the German Democratic Republic to the Federation under Article 23 of the Basic Law (hence on a decision by the German Democratic Republic).

The specific features of the procedure envisaged for the integration of the territory of the German Democratic Republic into the Community mean that preparations for unification must be made very soon.

The Commission will therefore endeavour to present an overall report in September setting out all the proposals for technical adjustments to secondary legislation and the transitional measures judged necessary.

However, this will involve a great deal of legislative work both for the Commission and for Parliament and the Council.

Preparatory work within the Commission is also frequently handicapped by the lack of reliable facts and statistics about the German Democratic Republic.

An accelerated unification procedure would therefore require major efforts from all the institutions.

At the present time the Commission, in close conjunction with the German authorities, is busy identifying the problems sector by sector.

The entire acquis communautaire is being systematically reviewed to see what technical adjustments are required and what are the essential transitional measures. The results will be set out in an overall report to Parliament and the Council, where a clear distinction will be made between political issues and technical matters. They will also serve as the basis for the preparation of proposals for legal instruments. Parliament will be associated with the Council's decisions under either the consultation procedure or the cooperation procedure.

Where necessary the institutions will have to concert in order to ensure that the legislative preparations are conducted in the manner best suited to the requirements of the timetable for German unification.

As regards Parliament, it can be assumed that the intensive work being done by the ad hoc temporary Committee on German Unification ahead of the presentation of proposals by the Commission will help to speed up and facilitate the subsequent legislative process within Parliament.

The Commission, for its part, will be maintaining close contacts with Parliament's ad hoc Committee throughout the preparatory work on the adjustments to legislation.

It sees the interim report which the ad hoc Committee is drafting as an important stage in Parliament's work on German unification.

C

GERMAN UNIFICATION

4. We are pleased that German unification is taking place under a European roof. The Community will ensure that the integration of the territory of the German Democratic Republic into the Community is accomplished in a smooth and harmonious way. The European Council is satisfied that this integration will contribute to faster economic growth in the Community and agrees that it will take place in conditions of economic balance and monetary stability. The integration will become effective as soon as unification is legally established, subject to the necessary transitional arrangements. It will be carried out without revision of the Treaties.

5. During the period prior to unification the Federal Government will keep the Community fully informed of any relevant measures discussed and agreed between the authorities of the two Germanies for the purpose of aligning their policies and their legislation. Furthermore, the Commission will be fully involved with these discussions.

In this period the German Democratic Republic will benefit from full access to the European Investment Bank, EURATOM and ECSC loan facilities, in addition to Community support in the context of the coordinated action of the Group of 24 countries and with participation in EUREKA projects.

As regards the transitional arrangements, the Commission will as soon as possible, and in the context of an overall report, submit to the Council proposals for such measures as are deemed necessary and the Council will take decisions on

.../...

these rapidly. These measures, which will enter into force at the moment of unification, will permit a balanced integration based on the principles of cohesion and solidarity and on the need to take account of all the interests involved, including those resulting from the "acquis communautaire". The transitional measures will be confined to what is strictly necessary and aim at full integration as rapidly and as harmoniously as possible.

POLITICAL ASPECTS

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

EHG(D) 90 (9)
19 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

GERMAN UNIFICATION: POLITICAL ASPECTS

OBJECTIVES

- To demonstrate our conviction that internal and external aspects of unification are inseparable and must be resolved quickly.

POINTS TO MAKE (if necessary)

- We want the 2+4 mechanism to end Four Power rights and responsibilities in parallel with unification. We aim to convince the Russians that a package based on the US "nine points" can meet their legitimate concerns on security issues.

- Glad that it is now agreed that there will be a Treaty on Poland's border. Aim to resolve issue at 17 July Ministerial in Paris. All Germany's borders should be made definitive in a settlement.

BACKGROUND

Handling

1. The lunch with de Maizière is an opportunity to exchange views with non-2+4 EC members and to expose de Maizière to their and our thoughts. (The Prime Minister also sees de Maizière on 27 June). Discussion of EC/GDR may also touch on aspects of 2+4: the second 2+4 Ministerial meeting will have taken place in East Berlin on 22 June.

Timetable

2. The timetable is tight. GEMU will happen on 1 July. Kohl and de Maizière will merge their parties on 1 October. The coalition Governments in Bonn and East Berlin want elections on 2 or 9 December (replacing FRG-only elections) and unification on the same day. The SPD wants to slow things down, but knows it cannot.

2+4

3. The first Ministerial meeting on 5 May agreed an agenda (borders, pol-mil, Berlin, Final Settlement). The Western plan for the second Ministerial meeting on 22 June is to lock the Russians into negotiations on the easier, purely Four Power issues (a draft settlement and preparations for the 17 July meeting in Paris, where the Poles will attend to discuss borders).

Security Aspects

4. At the 22 June meeting we can also take forward the process of persuading the Russians that their legitimate security concerns can be met by a package based on the US "nine points" and Shevardnadze's ideas for a declaration between the alliances, provided it is between members of the alliances. (We have put ideas on a declaration to the FRG, US and France).

FRG/USSR Economic Arrangements

5. The Russians are worried about the economic implications for them of German unification. They are pressing for the GDR's existing obligations to them to be honoured. They also hope to extract from the FRG help towards the costs of maintaining their forces in the ex-GDR, and, in the longer term, substantial general financial aid.

GEMU

6. The ratification of the State Treaty by the two German parliaments is expected on 21/22 June. The Treaty comes into force on 1 July. The impact of GEMU on the GDR economy/society will be enormous, and may add further weight to the case for rapid unification, if another wave of migration is to be avoided. The Bonn Government maintain that increased taxes and government borrowing will not be necessary. The Bundesbank are more sceptical.

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

EHG(D) 90 (10)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

EASTERN EUROPE

OBJECTIVES

- To urge quicker pace in developing EC relations with Poland, Hungary and Czechoslovakia (through negotiating Association Agreements).

- To maintain differentiation; in particular to urge caution and strict application of conditionality in relations with Romania.

SPEAKING NOTE

- Important to keep developments in Eastern Europe at the centre of our discussions. Historic responsibility on the shoulders of President Havel and the other democratically elected leaders in Eastern Europe. But we have our responsibility too.

- EC has led the West's response and we should continue to bear the torch. Commission chairmanship and coordination of G24 has been first class. The last six months have seen major Community initiatives completed - EBRD, TEMPUS, Trade and Cooperation Agreements, etc. Way now clear for exploratory talks with Poland, Hungary and Czechoslovakia on Association Agreements.

- Important to maintain the momentum built up over the last year. Aim to conclude Agreements with these three countries - as the fastest reformers - by the end of the year.

- Recent violence in Romania highlights the need to maintain our policies of differentiation and conditionality. We cannot assume that the path of reform will be smooth - there may well be set-backs. In each country conditions differ.

- In Hungary multi-party election were much like any in the West, following several years of political evolution.

- In Poland and Czechoslovakia all "parties" still suspect; but normal multi-party system likely to evolve in time as mass organisations (Solidarity, Civic Forum) dissolve.

- Elections in Bulgaria marred by unfairness and some malpractice especially in second round of voting. Government must demonstrate genuine commitment to democracy and market-based economy and thus merit support from West.

- In Romania President Iliescu appears unrepentant about his use of miners to persecute opposition last week. He has to realise that democracy doesn't just mean holding elections: it also means treating opposition in civilised fashion.

- Our approach must therefore be differentiated, country by country to reward and encourage further progress. An undiscriminating approach would undermine reform; reduce the incentives to introduce market economies; and betray those who have genuinely embraced democratic values. We cannot treat the Czechoslovak, Polish or Hungarian leadership on equal terms with those who engineered the chilling scenes of mob-rule in Bucharest.

- Therefore quite right that Foreign Ministers decided last week to postpone signature of Trade and Cooperation Agreement with Romania. The Community should also set out clearly where we stand on G24 aid for Romania:

= On 28 April we included Romania in our decision to extend coordinated assistance to all Eastern European countries who meet the essential conditions. This decision in principle should stand.

= But clear that no G24 aid can actually go to Romania in present circumstances. EC and G24 aid to be available only if conditions are met. In Romania we have seen not teething problems but abuse of power and disdain for democractic principles.

= In these circumstances, glad Commission has not invited the Romanians to attend the G24 Ministerial meeting on 4 July. Demonstrates our determination to enforce differentiation and conditionality.

= (Only if necessary) If Romania cannot be excluded from 4 July meeting, must be clearly understood within G24 that no aid for them will be on offer; and that the purpose of the invitation is to impress on them our collective disapproval of recent events in Bucharest.

Financial facility for Eastern Europe (If raised)

- This should be looked at by officials. Having agreed to establish the EBRD which has not yet begun its operations and with IMF/IBRD expertise available, it is not clear what precise needs are not met by existing institutions. Money in itself is not the answer. Agree we could look at Mr Andriessen's ideas.

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

EHG(D) 90 (10)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

EASTERN EUROPE

A: Luxembourg telno 194:
EPC Statement on Romania

B: Luxembourg telno 201:
G24/Romania at 18 June FAC

C: Bucharest telno 480:
Romanian PM's message

BACKGROUND

A. Political

Romania: recent political events

1. Romanian security forces forcibly dispersed opposition demonstrators from University Square on 13 June. The demonstrators reassembled, and inter alia took over the TV station for a while. The army apparently having refused to intervene, Iliescu appealed on TV for workers to defend the Government. Miners roamed around Bucharest on 14-15 June beating up any suspected opposition and gypsies. The offices and homes of the Peasants' Party and Liberal Party leaders were ransacked and Foreign journalists attacked. At least five deaths were reported. Iliescu praised the miners publicly. Roman has written to the Prime Minister to give the official Romanian view (Flag C).

Bulgaria

2. The first round of elections on 10 June was judged free and fair by most observers. More attempts by the BSP (ex-Communists) to influence voters were noted on the second round. The government has agreed to investigate, and if necessary re-run some constitutencies. But the overall outcome is not in dispute. The BSP gained nearly half of the votes; the opposition UDF more than a third. The BSP's success is attributable to their better leadership, experience and resources; the absence of the anti-Soviet factor; the relative prosperity of Communist Bulgaria; and Bulgarian conservation and fear of change. The UDF did well from a standing start, and their support among the younger generation augurs well for the future.

3. The BSP hopes to involve the opposition and/or technocrats in the new government to spread responsibility for necessary economic measures. The UDF may prefer to remain in opposition and gather its strength for the next elections in about 2 years' time. Equally, it could disintegrate into its constituent parts. The BSP may also split into its reformist and radical wings. But the Bulgarians seem much more likely than the Romanians to establish a reasonably democratic system working towards a market based economy.

B. Economic

4. Following the completion (Romania apart) of a network of first generation (Trade and Commercial and Economic Cooperation) Agreements with Eastern European countries and the Soviet Union, the EC has embarked on a two-part approach:

i) negotiation of Association Agreements with individual countries on the basis of their level of political and economic reform;

ii) extension of G24 aid to Czechoslovakia, GDR, Yugoslavia, Bulgaria and (in principle but probably not yet in practice) Romania;

The Community's approach is determined by the twin policies of differentiation and conditionality, linked to the criteria of:

- free and fair elections in pluralist democracy;
- respect for human rights;
- rule of law;
- introduction of market economy;
- freedom of the press.

Extension of G24 Assistance

5. The Commission have presented G24 participants with an Action Plan for possible assistance to other East European countries, largely matching measures taken for Poland and Hungary. They promise detailed proposals once G24 Ministers on 4 July confirm the principle of extention of G24 assistance. We have argued that trade access measures for Czechoslovakia should be the priority. The extension of the TEMPUS student mobility scheme and the European Training Foundation to the other countries would also be welcome.

6. In discussion of Romania at the 18-19 June FAC, we and most others argued (France and Italy dissenting) that in present circumstances Romania should not receive G24 aid. The Commission have since said that Romania will not be invited to the 4 July G24 Foreign Ministers meeting. At Dublin, our aim should be to use the Romanian example to reinforce the policy of differentiation and conditionality. Romania should remain eligible in principle to receive aid but be firmly excluded in practice until she fulfils G24 conditions (both in commitment and in performance).

Yugoslavia

7. So that conditionality can be applied, the Community has decided that Yugoslavia should now be treated principally as a Central and Eastern European rather than as a Mediterranean country. The Community has nonetheless a residual commitment to conclude a Third Financial Protocol to the 1980 Cooperation Agreement with Yugoslavia. We are seeking to limit this to European Investment Bank loans, rather than grants. Judged according to the criteria of political and economic reform which the Community applies in Eastern

Europe, Yugoslavia is the most advanced in terms of economic reform. However, the political system lags behind all except Albania and the Soviet Union: free elections have so far been held only in Slovenia and Croatia. Decisions on the extension of aid and the content of an Association Agreement should reflect this, but Italy may advocate generous treatment for Yugoslavia.

Possible financial initiative

8. Andriessen has aired a personal proposal for a financial "safety net" for Eastern Europe. He seems to envisage a new facility backed by the G24 which would offer credit and reserve backing to Eastern Europe. We see many drawbacks: the scheme would duplicate the IMF's functions; could weaken IMF conditionality and hence the reform process; the new institution would be unnecessary, potentially expensive, and would add little to existing capability of the International Financial Institutions.

Aid to Soviet Union

9. Discussion under EC/Eastern Europe may lead to debate about aid to the Soviet Union. Briefing and analysis of this is being provided separately.

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

EHG(D) 90 (11)

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

GATT

OBJECTIVES

- To confirm in general terms the Community's firm commitment to a successful outcome of the GATT Uruguay Round.

- To avoid lengthy discussion or detailed conclusions constraining the Commission's negotiating flexibility.

POINTS TO MAKE

- No doubt that securing success in the GATT Uruguay Round one of the major tasks now facing the Community. Success vital. Potential gains great. Failure could lead to breaking up of open multilateral trading system, which is essential to our future prosperity.

- This is the last formal European Council before the final meeting of the Uruguay Round. Right that we should therefore reaffirm our strong commitment to the Round's success.

- Important to keep in mind overall benefits of a successful Round and not let any single issue, however sensitive, put those benefits in jeopardy.

- Trade Ministers had full debate in FAC last week. Welcome their positive conclusions, making clear the constructive contribution the Community plans to make to the rest of the Round on a range of issues.

- Essential that the Community and the US find a way forward on agriculture by the July Trade Negotiations Committee. Must avoid a repeat of the stand-off at the OECD Ministerial meeting. US must be more flexible, particularly in their emphasis on export subsidies. But EC must be ready to respond.

- We must, of course, stick to fundamental Aggregate Measure approach. But we have to give some assurance that the Community's approach will make a real impact in all three areas - import barriers, internal support and export refunds.

(If necessary, eg if Dutch argue that only Commission should speak on GATT at Houston)

- Houston Summit discussion of Uruguay Round is inevitable. An informal body, and well established that all Summit countries speak for themselves. Commission will be present and member states will of course work within Community positions.

- We all want greater access to developing countries' markets and tighter GATT disciplines (particularly on LDCs' use of balance of payments provisions). To achieve this, we must open up our markets in areas of principal interest to developing countries (agriculture; textiles; tropical products).

(If raised)

- Welcome positive contribution Community is making to negotiations on services. Vital that we aim for agreement applying to all sectors.

- Welcome US acceptance at OECD Ministerial meeting that strengthened dispute settlement arrangements should lead to a commitment to operate only under multilateral rules. Hope this will be confirmed at Houston and at the July TNC. Need to stop the slide in Washington to bilateralism, undercutting GATT. Welcome FAC agreement that EC should contribute further ideas on strengthened dispute settlement rules soon.

- Must recognise that better discipline on subsidies is a major US priority. Commission's current effort to level the EC playing field by dealing with our internal national subsidies puts us in a good position to make proposals. Also gives us an interest in seeing other countries reduce their trade distorting subsidies.

- Recognise case for institutional reform of GATT. Welcome FAC conclusion that a decision in principle to convert GATT into a multilateral trade organisation might be taken at the end of the Round. But must not be diverted from immediate task of completing the Round successfully.

- Welcome constructive Community contribution to debate on textiles. We must continue to make our ideas as clear as possible and emphasise their liberal direction, not least to counter US protectionist proposals.

REFERENCES

A: Conclusions of FAC discussion of GATT 19 June

B: Extract from OECD Ministerial communiqué covering GATT

BACKGROUND

General

1. This will be the last formal European Council before the final meeting of the GATT Uruguay Round in Brussels in the week beginning 3 December. The GATT Trade Negotiations Committee (TNC), meeting at senior official level in Geneva in the week beginning 23 July, has been charged to reach framework agreements on all the issues under negotiation. There will also be discussion at the Economic Summit in Houston on 9-11 July. The Round is generally progressing satisfactorily, but the major exception is EC/US differences over agriculture, which must be resolved if the Round is to succeed.

2. The Foreign Affairs Council had a detailed but low key discussion of the Round on 19 June. Several member states recognised the need for a more constructive EC position on
A agriculture and conclusions were agreed which confirmed a firm but flexible EC line for the months ahead. We see no need for a further detailed debate in Dublin. Moreover, a detailed debate could give the protectionists a chance to constrain the Commission's negotiating flexibility, both at Houston and the TNC. We may need to resist proposals for Conclusions language calling on others to show flexibility without offering EC flexibility in return. We want a brief conclusions passage, simply repeating the Community's commitment to working for overall agreement in the Uruguay Round and success in Geneva in July.

Agriculture

3. There are differences between the EC and US over how the objective of the negotiation for agriculture should be achieved. The US continue to argue that the approach should be to agree

specific policy commitments in each of the three areas of agricultural support and protection: internal support, import barriers and export subsidies. This reflects the priority they give to action on export subsidies, which they want abolished outright. The EC's proposal is for reductions in an aggregate measure of support (AMS), bringing together all forms of support. This enables comparison to be made between commitments from countries with very different agricultural support systems. Reducing internal support in this way will reduce export subsidies as the gap between the internal support price and the world price lessens. The UK strongly supports this approach. We also recognise that the Community cannot make firm commitments to reduce or abolish export subsidies while internal support continues, without risking increased costs through a build up of internal stocks, since lack of export subsidies would result in production which would otherwise have been exported being bought into intervention. Moreover, such stocks could then overhang and so disrupt world markets. Coherent action is needed on the system as a whole.

4. The EC and US failed to resolve their differences at the
B OECD Ministerial meeting, and the communiqué records their different views while committing both sides to resolving the issue by the July TNC. We cannot afford a similar stand off at Houston or the TNC. We are therefore working actively to encourage both sides to take a more flexible position. We are arguing with the Commission that it should be possible for the Community to make some form of commitment on export subsidies alongside the AMS, while pointing out to the US the merits of an AMS approach.

5. However, the line to take does not press the particular need for a commitment on export subsidies. We have avoided putting pressure on member states on this question in Community discussion, since this could provoke hardening of positions by protectionist member states, including the FRG. We have instead confined ourselves to arguing in general terms in favour of flexibility and against confrontation. While some member states

accepted this at the FAC, others (France, Ireland) argued that the EC should stand firm.

6. Discussion of the issue at Houston is sensitive for those member states not represented.

Services

7. The Community is making a constructive contribution on services, and the Commission should be encouraged to keep this up. A Community draft framework agreement setting out the basic rules for trade in services was tabled in Geneva on 18 June (and has received widespread support). The Greeks may, as they did at the FAC, argue that shipping cabotage should be excluded from the negotiations. We should firmly resist. We want all sectors included in a comprehensive agreement. If the EC presses for one sector to be excluded, others will follow, eg the US might want to exclude financial services or transport.

Dispute Settlement

8. A major UK priority for the Round is to strengthen the rules for settling trade disputes. A key weakness in the current system is that, because decisions have to be taken by consensus, parties to a dispute can block the GATT Council's acceptance of the findings of the panel appointed to adjudicate. Some member states (particularly France) have resisted change because of fears about the consequences for the CAP, but France has now softened her position. Strengthened dispute settlement rules should also enable the US to abandon the use of bilateral pressures and unilateral measures under their 1988 Trade Act. They made a significant concession at the OECD Ministerial meeting by agreeing to wording which committed them to operate only under multilateral rules if the dispute settlement arrangements were suitably strengthened. We hope they will be ready to repeat this at Houston and the TNC (but they are now attempting to retreat).

13VAAQ/6

Subsidies

9. The US attach considerable importance to obtaining a tough agreement to control subsidies. The EC is much more cautious. Some elements of the US position are too extreme, for instance they have argued for a very wide definition of subsidies, encompassing government policies which indirectly benefit producers, as well as direct payments or tax benefits. They also want to prohibit a wider range of subsidies, regardless of their effect on trade. While we see a need for the US to modify their demands, we also think the Community should be more forthcoming: internal EC rules on subsidies should allow the Community to go further towards a strong GATT agreement. Moreover, as EC subsidies are reduced we have an increasing interest in seeing other countries follow suit.

Multilateral Trade Organisation (MTO)

10. It has been suggested, particularly by the Italians, that the institutional basis of GATT be put on a firmer footing by transforming it into a multilateral trade organisation (MTO). We see the merits of this, but are concerned that it should not become a diversion forms the work of the Round, or seen as a substitute for a successful outcome on the substance of trade liberalisation and stronger rules. As the FAC acknowledged, the most likely outcome is a decision in principle at the end of the Round that GATT should be converted into an MTO, with somewhat wider powers.

"Integration" of Developing Countries

11. A major UK/EC and US objective is to see the LDCs take on a greater share of GATT obligations ("integration") and to accept that those obligations must increase with greater prosperity. A key element is persuading the LDCs that they should not have such easy recourse to provisions which allow them to introduce trade barriers in response to balance of payments difficulties. The LDCs are resisting this strongly. If the developed countries are to achieve the reform they are seeking, they will

have to offer significant opening of their markets in areas of interest to LDCs, including agriculture, textiles and tropical products.

Textiles

12. The Community is committed in the Round to the liberalisation of trade in textiles by ending the multifibre arrangement. Portugal and to a lesser extent Italy and Greece, oppose this. Portugal wants liberalisation to be made very tightly conditional on stronger GATT rules and liberalisation by LDCs, and to take place over a long transitional period (15 years). While we agree that there should be linkage between liberalisation and other aspects of the Round, we do not want this to be so tight as to prevent liberalisation, nor a transitional period as long as 15 years. The US have made proposals which would replace the multifibre arrangement (which limits exports from developing countries) with global quotas covering all trade in textiles, which would include EC exports. The EC needs to convince the LDCs that its proposal is more liberal. Italian or Portuguese attempts to maintain a more protectionist EC approach could lead to the US approach gaining ground.

(A)

053013
MDHIAN 5545

TOP COPY
Q DIST ?

UNCLASSIFIED
FM LUXEMBOURG
TO DESKBY 200900Z FCO
TELNO 228
OF 191741Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY WASHINGTON, UKMIS GENEVA
INFO ROUTINE EUROPEAN COMMUNITY POSTS, UKDEL OECD

FRAME EXTERNAL

FROM UKREP BRUSSELS

MIPT: FOREIGN AFFAIRS COUNCIL: 19 JUNE 1990
GATT: URUGUAY ROUND: COUNCIL CONCLUSIONS

1. THE COUNCIL HELD AN IN-DEPTH DISCUSSION ON THE URUGUAY ROUND: ALL MINISTERS AGREED THAT THE SUCCESSFUL CONCLUSION OF THE ROUND BY DECEMBER 1990 WAS A MAJOR PRIORITY FOR THE COMMUNITY. AN EFFICIENT AND EFFECTIVE MULTILATERAL TRADING SYSTEM, WITH CLEAR AND UNDERSTANDABLE RULES AS AN OUTCOME OF NEGOTIATIONS WILL BE OF BENEFIT TO ALL TRADING NATIONS, IRRESPECTIVE OF THEIR LEVEL OF ECONOMIC DEVELOPMENT. THE COUNCIL REAFFIRMED THE GREAT IMPORTANCE OF THE MEETING OF THE 23 JULY TRADE NEGOTIATIONS COMMITTEE FOR AGREEMENT ON THE BROAD OUTLINES OF THE FINAL CONCLUSIONS IN EACH AREA, THUS ENSURING NEGOTIATIONS IN THE PERIOD FROM JULY TO DECEMBER 1990 CAN RESOLVE THE FUNDAMENTAL OUTSTANDING ISSUES.

2. THE COUNCIL EXPRESSED SATISFACTION AT THE CONSTRUCTIVE CONTRIBUTIONS AND ACTION OF THE COMMUNITY'S NEGOTIATORS TO THE PROGRESS OF THE NEGOTIATING PROCESS, BUT FELT THAT A GREAT DEAL OF WORK WAS STILL NEEDED IN CERTAIN AREAS, AND THAT EFFORTS SHOULD BE INTENSIFIED IN ORDER TO ENSURE OVERALL PROGRESS IN ALL AREAS. IN THIS CONTEXT, THE COUNCIL REAFFIRMED ITS DETERMINATION TO FACE THE NECESSARY POLITICAL DECISIONS AND CONSIDERED THAT IT WAS NOW TIME FOR ALL PARTICIPANTS TO MOVE FROM THE STATEMENT OF WELL KNOWN POSITIONS TO BEGIN DEFINING THE CONCRETE COMPONENTS OF POSSIBLE SOLUTIONS, TAKING ACCOUNT OF THE GLOBAL NATURE OF THE NEGOTIATIONS.

3. ON AGRICULTURE, THE COMMUNITY AHS COMMITTED ITSELF TO NEGOTIATE A SUBSTANTIAL PROGRESSIVE REDUCTION OF SUPPORT AND PROTECTION. THE COUNCIL REAFFIRMED ITS SUPPORT FOR THE

COMMUNITY'S GLOBAL APPROACH AS AGREED AT ITS DECEMBER 1989 MEETING AND ENDORSED BY AGRICULTURE MINISTERS IN APRIL 1990. THE RECENT ELABORATION OF THE COMMUNITY PROPOSAL ILLUSTRATES ITS FIRM COMMITMENT TO THE NEGOTIATING PROCESS AND CONSTITUTES A SOLID BASIS FOR FURTHER NEGOTIATIONS. (NOTE) THE COMMUNITY HAS SUBMITTED DETAILED WRITTEN PRESENTATIONS ELABORATING ITS POSITION ON ''TARIFFICATION AND REBALANCING'' AND ''AGGREGATE MEASURES OF SUPPORT'' TO THE AGRICULTURE NEGOTIATING GROUP IN GENEVA.

4. THE COUNCIL UNDERLINED THE PROGRESS MADE IN THE NEGOTIATIONS ON SERVICES, IN PARTICULAR IN THE DRAFT FRAMEWORK AGREEMENT ON TRADE IN SERVICES WHICH THE COMMUNITY HAS CIRCULATED IN GENEVA, AND CONFIRMED ITS VIEW ON THE FRAMEWORK AGREEMENT'S UNIVERSAL APPLICATION TO ALL SECTORS. IT REITERATES ITS WISH FOR A WIDE ADHERENCE TO THIS AGREEMENT. THE COUNCIL TOOK NOTE OF THE COMMISSION'S PROPOSAL FOR SPECIFIC SECTORAL NEGOTIATING OBJECTIVES TO BE NEGOTIATED AS PART OF THE OVERALL SERVICES AGREEMENT. THE COUNCIL INVITED THE COMMISISON TO PROCEED URGENTLY WITH THE ELABORATION OF DETAILED PROPOSALS CONCERNING INDIVIDUAL SECTORS.

5. ON TEXTILES, THE COUNCIL WELCOME THE RECENT ELABORATION OF THE COMMUNITY'S APPROACH IN GENEVA, AND REAFFIRMED ITS COMMITMENT TO PROGRESSIVE INTEGRATION OF THIS SECTOR INTO THE GATT ON THE BASIS OF STRENGTHENED RULES AND DISCIPLINES. ALL COUNTRIES SHOULD CONTRIBUTE TO THIS PROCESS. THE COUNCIL REJECTED ANY APPROACH INVOLVING THE IMPOSITION OF NEW FORMS OF PROTECTION.

6. ON INTELLECTUAL PROPERTY, THE COUNCIL WELCOMED THE FAVOURABLE REACTIONS IN GENEVA TOWARDS THE DRAFT AGREEMENT PRESENTED BY THE COMMUNITY LAST APRIL. BUT IMPORTANT DIVERGENCES REMAIN IN THIS FIELD. EVERY OPPORTUNITY SHOULD BE TAKEN TO CONVINCE ALL COUNTRIES TO PARTICIPATE ACTIVELY IN THESE NEGOTIATIONS AND TO NARROW DOWN DIVERGENCES WITH OUR MAIN PARTNERS ON ISSUES SUCH AS GEOGRAPHICAL INDICATIONS AND COPYRIGHT. ALSO, ON TRADE RELATED INVESTMENTS MEASURES RENEWED EFFORTS ARE NECESSARY TO MOVE THE NEGOTIATIONS FORWARD.

7. ON SUBSIDIES, THE COUNCIL ACKNOWLEDGED THE EFFORTS BEING MADE TO DEVELOP CLEARER AND MORE PRECISE RULES. IT REAFFIRMED THE COMMUNITY'S COMMITMENT TO ACTIVE PARTICIPATION IN THIS WORK, IN ELABORATING A REALISTIC DEFINITION OF SUBSIDIES WHICH SIGNIFICANTLY DISTORT TRADE.

8. THE COUNCIL REAFFIRMED THE IMPORTANCE OF REACHING SUBSTANTIAL

RESULTS IN THE MARKET-ACCESS GROUPS, IE TARIFFS, NTM, TROPICAL PRODUCTS. IT CALLS ON OTHER PARTICIPANTS IN THE URUGUAY ROUND TO MATCH THE COMMUNITY PROPOSALS IN ORDER TO IMPROVE SUBSTANTIALLY GUARANTEED ACCESS TO ALL MARKETS.

9. AN EFFICIENT AND CREDIBLE DISPUTE SETTLEMENT PROCEDURE IS THE CORNER-STONE OF THE REINFORCEMENT OF THE MULTILATERAL TRADE SYSTEM. THE COMMUNITY SHOULD PARTICIPATE FULLY IN THIS AREA AND MAKE EVERY EFFORT TO ACHIEVE A SUCCESSFUL OUTCOME TO THIS NEGOTIATION. THIS MUST BE LINKED TO A CLEAR COMMITMENT TO ELIMINATE THE RECOURSE TO UNILATERAL MEASURES WHICH IS THREATENING THE VERY FOUNDATIONS OF THE MULTILATERAL TRADING SYSTEM. THE COUNCIL INVITED THE COMMISSION TO FURTHER ELABORATE THE COMMUNITY'S POSITION IN THIS AREAS AS SOON AS POSSIBLE.

10. THE COUNCIL IS CONVINCED THAT IT IS ESSENTIAL TO CREATE THE CONDITIONS FACILITATING THE PARTICIPATION OF THE DEVELOPING COUNTRIES IN THE URUGUAY ROUND COMMITMENTS. THIS WOULD ENCOMPASS ADEQUATE IMPROVEMENT OF MARKET ACCESS TO INDUSTRIALIZED COUNTRIES, BUT ALSO - BEYOND THE FRAME OF THE ROUND PROPER - RECOGNITION, IN AN APPROPRIATE WAY OF THE CONSTRAINTS AND PARTICULAR ECONOMIC CONDITIONS WITH WHICH THOSE COUNTRIES ARE FACED. THE SUCCESS OF THE NEGOTIATIONS, AND ACCORDINGLY THE FUTURE OF THE MULTILATERAL TRADING SYSTEM, IS OF MAJOR IMPORTANCE TO THE DEVELOPMENT OF DEVELOPING COUNTRIES AND REMAINS CONTINGENT UPON THEIR READINESS TO IMPLEMENT THE CONSEQUENCES OF THEIR ECONOMIC ACHIEVEMENTS. THIS ALSO MEANS THAT DEVELOPING COUNTRIES HAVE A RESPONSIBILITY TO CONTRIBUTE SUBSTANTIALLY TO THE NEGOTIATIONS ON MARKET ACCESS, INCLUDING TEXTILES, TO ENGAGE FULLY IN NEGOTIATIONS IN BALANCE OF PAYMENTS DISCIPLINES AND TO RECOGNIZE THAT ENFORCEABLE MULTILATERAL RULES ON INTELLECTUAL PROPERTY AND ON SERVICES BENEFIT ALL PARTICIPANTS.

11. THE COUNCIL FINALLY WELCOMED THE EMERGING CONSENSUS IN FAVOUR OF THE CREATION OF A MULTILATERAL TRADE ORGANISATION. THIS SHOULD PROVIDE THE BASIS FOR A DECISION IN PRINCIPLE TO BE TAKEN BY GATT MINISTERS IN DECEMBER INTHE LIGHT OF THE SUCCESSFUL OUTCOME OF THE URUGUAY ROUND LEADING TO RAPID PREPARATORY WORK THEREAFTER.

CAMPBELL

YYYY

053013
MDHIAN 5545

DISTRIBUTION 232

MAIN 230

.FRAME EXTERNAL ECD (E) [-]

ADDITIONAL 2

FRAME
PS/NO 10 DOWNING ST

NNNN

OECD COMMUNIQUÉ PARIS 31 MAY.

GATT-RELATED EXTRACTS.

AGRICULTURAL REFORM

11. Ministers took note of the joint report by the Agriculture and Trade Committees "Agricultural Policies, Markets and Trade Monitoring and Outlook 1990" and endorsed its conclusions. OECD countries have made only limited and uneven progress in implementing the agreed long-term objectives of the policy reform. Agricultural markets continue to be characterised by wide use of internal support and other measures adversely affecting trade, and persistent international tensions and disputes. While surpluses have been reduced in the short-term, problems caused by insufficient structural adjustment in the agricultural sector remain to be solved. Policies, including some of those which have been a factor in curbing production, remain costly to OECD countries, as well as to many other countries. Assistance to agriculture as measured by Producer Subsidy Equivalents dropped in 1989 for the second consecutive year, but this was largely due to non-policy factors, and was still higher than the average of 1979 to 1985. Secretariat estimates suggest that total transfers from consumers and taxpayers, due to agricultural policies, amounted to about US$ 245 billion for the OECD area as a whole in 1989, compared with about US$ 280 billion in 1988, but still higher than in any year before 1986.

12. Against this background, Ministers agree to take urgent steps to reform agricultural policy, as regards support and protection, so as to permit greater liberalisation of trade. They reaffirm their commitment to the long-term objective of the reform, i.e. to allow market signals to influence the orientation of agricultural production and to establish a fair and market-oriented agricultural trading system. Ministers are prepared to negotiate in line with the agreed objectives of the Punta del Este and mid-term Review Declarations, although they differ on how an approach to these objectives should be expressed at this stage. Some feel that negotiations should proceed to seek specific policy commitments in each area of the negotiations: internal support, barriers to market access and export subsidies; and to develop new rules for sanitary and phytosanitary measures. Others prefer to seek reductions in support and protection with commitments encompassing all measures affecting directly or indirectly import access and export competition, as well as rules for sanitary and phytosanitary measures. In pursuing the long-term objective, account will be taken of proposals aimed at addressing participants' non-trade concerns. Ministers express their determination and commitment to make every effort to overcome the differences and to develop by the July TNC meeting an appropriate framework to achieve the objective defined above; and subsequently to reach agreement on how far and on what

timetable it is to be done, and to develop strengthened and more operationally effective GATT rules and disciplines. Ministers agree that the results of the negotiations must be translated into binding country programmes that achieve greater liberalisation of trade.

13. Ministers invite the Organisation to continue to support the process of agricultural reform by: further study of particular aspects of this process, in particular of direct income support not linked to production; continued quantitative monitoring of agricultural support and protection in OECD and major non-OECD countries, and of their effect on international trade; analysis of the impact of reductions in agricultural support and protection, including the impact on developing countries; analysis of the short and long-term impact of the reforms under way in central and eastern Europe; and improved assessment of medium-term market trends.

OPEN MULTILATERAL TRADING SYSTEM

26. The open multilateral trading system confronts a combination of great opportunities and challenges. Trade is buoyant and contributes significantly to the favourable economic climate now prevailing. Increasing global interdependence offers promise of strong trade expansion in the future. Nevertheless, the world trading system remains fragile and under tension. A significant and growing proportion of international trade is not, or not adequately, covered by GATT disciplines. Questionable interpretation or application of GATT rules still erodes the rule-based multilateral framework. Many domestic policy decisions affect trade adversely. Protectionist pressures remain strong. Ministers therefore reaffirm their determination firmly to reject tendencies towards managed trade approaches, bilateralism, sectoralism, grey area measures and unilateral action. They will promote better integration of developing countries and former centrally-planned economies into the open and multilateral trading system under a strengthened and modernised GATT.

27. The successful outcome of the Uruguay Round has the highest priority on the international economic agenda. A failure would have a range of negative consequences for the trading system, the global economy, and international economic co-operation. It is imperative now to achieve a bold, balanced outcome on key issues to form an overall package encompassing interests and concerns of the widest range of participating countries. The shape of the final package and outline

solutions in all areas of the negotiations, including negotiating texts, must be established by July and definitive agreement reached by the end of the year. However, there are major stumbling blocks in a number of key areas. Ministers therefore express their determination to make the necessary difficult political decisions and instruct their negotiators to make rapid progress, especially where substantial divergences still exist.

28. The Uruguay Round must achieve significant liberalisation for all participants by producing a coherent set of clear and enforceable rules and disciplines adapted to the new realities of world trade and to be implemented within a strengthened GATT framework. Ministers recognize that OECD countries must take a lead by signalling concrete steps they are ready to take as their contribution to achieving, in particular:

-- A substantial and balanced package of measures to improve market access including: ambitious new commitments and liberalisation measures in the tariff and non-tariff fields; the rollback of all trade restrictive or distorting measures inconsistent with GATT; and the liberalisation of the textile and clothing sector through progressive dismantling of trade barriers and its integration, under a precise timetable, into GATT on the basis of strengthened GATT rules and disciplines;

-- Significant progress in agriculture -- as outlined in paragraph 12;

-- Strengthened multilateral rules and disciplines, particularly in areas of: safeguards, rules of origin, subsidies and countervailing measures, and updated and strong disciplines for dumping and anti-dumping measures. A comprehensive safeguard agreement is needed based on the MFN principle. Concerning subsidies and countervailing measures, rules are needed which effectively discipline domestic subsidies so as to avoid trade distortions and the risk of competitive subsidisation. Improved disciplines must also cover countervailing measures so that they do not become barriers to legitimate trade;

-- Further improvements in dispute settlement procedures, in conjunction with strengthened rules and disciplines in specific areas including the new ones, leading to a commitment to operate only under the multilateral rules;

-- A comprehensive and balanced multilateral framework of contractually enforceable rules to liberalise services trade -- with no sector excluded a priori, and with the broadest possible country participation, and taking into account the experience and achievements under the relevant OECD Codes;

-- An agreement, with the fullest possible participation, to reduce and eliminate trade restrictive and distorting effects of trade-related investment measures by expanding on GATT disciplines, including provisions for transparency and respect for the principles of national and Most Favoured Nation (MFN) treatment;

-- An agreement, with the fullest possible participation, to provide for adequate, substantive standards and effective and appropriate enforcement for protection of intellectual property rights, including provisions for transparency and respect for the principles of national and Most Favoured Nation (MFN) treatment.

29. OECD Ministers recognise the importance of positive responses they must give in fields of interest to developing countries, in order to foster better integration of a growing number of those countries into the international trading system. Such responses must come in such fields as tropical products and all other market access issues covered in paragraph 28, including agriculture and textiles, together with strengthened multilateral rules and disciplines. At the same time, developing countries, in their diversity, should now signal how they intend to contribute to the political momentum in the Uruguay Round. To obtain full benefits from a strengthened system, these countries will have to make appropriate contributions to the process. Scope for action exists in areas such as rationalisation and simplification of trade regimes; more effective rules on the measures taken for balance of payments reasons; tariff binding and liberalisation of tariff and non-tariff barriers; and participation in the agreements covering new areas. Differences in levels of economic development could be accommodated through various transitional arrangements.

30. Ministers confirm their determination to achieve a far-reaching, substantive result in all areas of the Uruguay Round by the end of the year. Such an outcome should provide the basis for a commitment to strengthen further the institutional framework of the multilateral trading system, building on its contractual nature. This important question should be considered in due course, when the successful completion of the current negotiation has been secured.

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

EHG(D) 90 (12)

20 June 1990

EUROPEAN COUNCIL, DUBLIN
25/26 JUNE 1990

OTHER EC EXTERNAL ISSUES (EC/MEDITERRANEAN; EC/US; EC/EFTA)

OBJECTIVES

- (If raised) To avoid financial commitments or Council conclusions endorsing the Commission's EC/Mediterranean proposals.

POINTS TO MAKE

EC/MEDITERRANEAN (if raised)

- Natural for Community to maintain close interest in relations with Mediterranean neighbours. Must not appear pre-occupied with the internal challenges of wider Europe. All of us share concern about poverty and population growth in Northern Africa.

- But emphasis should be on helping Mediterranean countries to help themselves:

  = EC measures to stimulate trade would create employment, raise income levels and broaden the wealth-creating base of local economies;

= should therefore explore scope for trade liberalisation by EC, particularly in agriculture: an OECD study suggested that free access to EC markets for Mediterranean agricultural products could produce increases of as much as 6% in GDP of Mediterranean countries;

= should take advantage of this multiplier effect.

- Therefore concerned that the Commission's proposals concentrate on increases in EC aid, but include no effective measures for stimulating trade. More analysis and detailed discussion required.

EC/US

- Strengthened EC/US relations an important strand in the dense web of transatlantic ties. Very pleased at the closer consultative partnership with the US: meeting with Secretary Baker on 3 May went well.

- Not just symbolism. Need to draw out practical benefits of increased co-operation. The new 'global dialogue', encompassing both EPC and strictly Community subjects, should improve coherence of all aspects of EC/US relations.

- Increased awareness of the breadth of our shared interests should help both sides to keep our few differences in perspective.

- (If necessary) Not convinced of need for major EC/US declaration or a new EC/US Treaty. But no objection to a short joint statement of commitment to closer relations, issued from the September 12/Baker meeting.

EC/EFTA

- Welcome approval by Foreign Affairs Council of EFTA negotiating mandate, and the opening of formal negotiations last Wednesday.

- Satisfactory that we have maintained the schedule we set at Strasbourg. But most difficult phase now before us. With flexibility and imagination, confident we can find solutions and maintain momentum.

- Important that the negotiations make rapid progress. EEA a major development which should benefit all parties.

REFERENCES A: UKRep telno 1242: Report of EC/US Ministerial meeting

BACKGROUND

EC/MEDITERRANEAN

1. At the European Council the Italians may make a pitch for endorsement of the Commission's ambitious new Mediterranean policy proposals. Mediterranean policy will be the major priority of the Italian Presidency.

2. The Commission's proposals envisage a substantial increase in EC financial assistance to the region. They propose large increases in the next (fourth) generation of financial protocols to the EC's Cooperation Agreements with the Maghreb (not Libya), Eastern Mediterranean countries and Israel (from 615 mecu in grants and 1,003 mecu EIB loans under the existing protocols to 1,425 and 1400 mecu respectively). They also propose greater economic and technical cooperation between the EC and its Mediterranean partners, to be financed by 480 mecu in grants (nearly a 30 fold increase pa over the 1990 figure) and a new facility worth 3,500 mecu in EIB loans.

3. The proposals are very thin on trade measures, suggesting only a progressive removal of Voluntary Restraint Agreements for textiles. (Greater trade access hurts southern European producers, whereas greater aid hurts primarily northern European taxpayers.)

4. We have called for further trade liberalisation proposals, especially on agriculture. Our tactics this autumn will be to work with fellow Northerners to play the Commission's proposals long, postponing decisions, particularly on financing, into the 1991 Luxembourg/Netherlands Presidencies. It would be good to avoid Dublin Conclusions which give the Italians a basis for accelerating substantive work.

8PSAAF/4

5. It may be possible to divert the Italians by allowing progress on the presentational elements which they have been promoting, eg the staging during their Presidency of a first informal EC Foreign Ministers meeting with the Arab Maghreb Union (Morocco, Tunisia, Libya, Algeria, Mauretania). This should not cause us problems, provided it is handled carefully: the Italians have agreed privately that such a meeting would neither cut across existing EC measures against Libya nor involve any EC/AMU aid from which Libya might benefit. The Italians may also be interested in a similar meeting with the Arab Cooperation Council (Jordan, Iraq, Yemen, Egypt). This would be acceptable. But the Italians have private thoughts about an EC/Mediterranean Bank (cf EBRD), which would be unattractive.

EC/US/Canada

6. We do not expect discussion of EC/US relations but the Germans may suggest a new EC/US declaration. Genscher
A mentioned his ideas at the 3 May meeting between Secretary Baker and the Twelve Foreign Ministers, adding that he was also open to the idea of a Treaty (which no-one supported on 3 May and we oppose, because it would risk placing the Commission centre stage and raise divisive issues of competence). At the Parknasilla Foreign Ministers' meeting on 19-20 May, Collins avoided discussion by concluding that the US were happy with the new consultative arrangements introduced this spring, but would like to see the relationship develop further in due course.

7. The Canadians want similarly reinforced links with EPC. Political Directors have agreed that there should be a positive response, and the Irish have offered closer contacts.

EC/EFTA

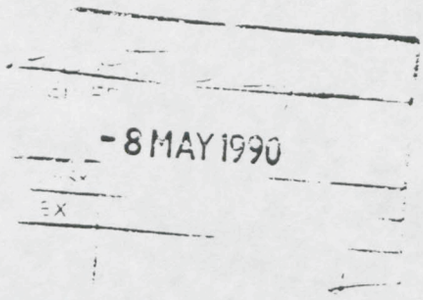
8. The Foreign Affairs Council on 18 June approved the mandate for the formal EC/EFTA negotiations on the creation of an European Economic Area (EEA) ie the extension of the Single Market to all 18 EC/EFTA countries. There is unlikely to be substantive European Council discussion.

9. The opening round of the negotiations began on 20 June. The objective remains completion by end-1990, with the EEA coming into being from 1 January 1993. The main tasks will be to minimise EFTA derogations from EC regimes; to agree the necessary legal and institutional mechanisms; to devise a decision-making process which respects EC autonomy while meeting the EFTA wish to influence decisions relevant to the EEA.

PA EC/US Baker visit

RESTRICTED

062221
MDADAN 5880



RESTRICTED
FM UKREP BRUSSELS
TO DESKBY 040830Z FCO
TELNO 1242
OF 032101Z MAY 90
INFO PRIORITY WASHINGTON, EUROPEAN COMMUNITY POSTS
INFO ROUTINE UKMIS NEW YORK, UKDEL NATO, TOKYO, OTTAWA,
INFO SAVING OTHER CSCE POSTS, OTHER OECD POSTS

FRAME EXTERNAL

MIPT: EC/US MINISTERIAL MEETING: OVERALL RELATIONSHIP

SUMMARY

1. WARM WELCOME FROM ALL PARTICIPANTS FOR HISTORIC AND IMPORTANT MEETING, AND PROSPECTS FOR ENHANCED RELATIONSHIP. REFERENCES TO SOLEMN DECLARATION/TREATY, US OPEN MINDED. EMPHASIS ON COMPREHENSIVE COOPERATION, IN BOTH EC AND EPC AREAS. NEED FOR DISCUSSIONS IN NEW DIALOGUE AND WITHIN ALLIANCE TO BE COMPLEMENTARY. US PROPOSALS FOR INFORMATION EXCHANGE AND G24 EXERCISE FOR CARIBBEAN AND CENTRAL AMERICA.

DETAIL

2. COLLINS (PRESIDENCY) OPENED THE MEETING BY WELCOMING BAKER AND THE US TEAM TO THE NEW FORUM FOR INTENSIFIED CONSULTATION. THE EXCHANGE OF VIEWS WOULD BE OF GREAT VALUE, EVEN IF THEY DID NOT NECESSARILY LEAD TO SPECIFIC CONCLUSIONS. THE NEW PARTNERSHIP BETWEEN THE COMMUNITY AND THE US WOULD INCLUDE A MEETING BETWEEN THE PRESIDENT AND EACH EC PRESIDENCY, TWICE-YEARLY MEETINGS BETWEEN FOREIGN MINISTERS, AND CONTINUING DIALOGUE AT OFFICIAL LEVEL. BAKER'S SPEECH IN BERLIN HAD OPENED A NEW ERA, TO WHICH THE COMMUNITY HAD SWIFTLY RESPONDED. THE EC APPRECIATED US RECOGNITION THAT IT HAD COME OF AGE AS A PARTNER IN WORLD AFFAIRS. THE DUBLIN COUNCIL HAD ALREADY EXPRESSED SATISFACTION AT THE HAUGHEY-BUSH MEETING. THE US HAD A LASTING ROLE TO PLAY IN EUROPE, AND THE TWELVE WERE FULLY CONSCIOUS OF THE VITAL CONTRIBUTION IT HAD TO MAKE TO THE SECURITY OF EUROPE. THE US PARTICIPATION IN CSCE WAS ALSO VITAL. THE COMMUNITY WAS COMMITTED TO STRENGTHENING THE TRANS-ATLANTIC RELATIONSHIP, WHICH MUST COVER ALL AREAS OF MUTUAL ACTIVITIES.

3. BAKER DESCRIBED THE OCCASION AS IMPORTANT AND HISTORIC. IT WAS THE FIRST TIME A US SECRETARY OF STATE HAD MET WITH EC FOREIGN MINISTERS IN THEIR COUNCIL BUILDING. THE US WAS COMMITTED TO

STRENGTHENING MUTUAL TIES, AND HAD WELCOMED THE EXCELLENT MEETING WITH DELORS AND HIS COLLEAGUES LAST WEEK IN WASHINGTON. HE NOW LOOKED FOR A GREATER FREQUENCY OF DIALOGUE AND INTERCHANGE. THE PROCESS OF ESTABLISHING A NEW FRAMEWORK OF COOPERATION HAD BEGUN. THE US COULD ONLY PRESERVE ITS ROLE IN EUROPE BY ESTABLISHING STRONGER TIES WITH NATO AND THE COMMUNITY. IT MUST ALSO DEMONSTRATE THAT ITS MILITARY AND ECONOMIC ENGAGEMENT IN EUROPE MET ITS OWN NATIONAL INTERESTS.

4. BAKER CONTINUED THAT THE US ACCEPTED THE COMMUNITY AS A VALUABLE ECONOMIC AND POLITICAL FORUM, AND WANTED A DIALOGUE ON A RANGE OF ISSUES. HE RECOGNISED THAT IN SOME AREAS THERE WOULD BE OVERLAP, PARTICULARLY IN THE POLITICAL FIELD, WITH WORK IN THE ALLIANCE. HE HOPED THAT THE TWO SETS OF CONSULTATIONS WOULD BE COMPLEMENTARY, NOT COMPETITIVE. HE SAW NO PROBLEMS IN A WIDER DISCUSSION OF REGIONAL ISSUES IN THE EPC CONTEXT, AND CONSIDERABLE ADVANTAGE. THERE HAD ALREADY BEEN USEFUL EXCHANGES ON AFRICA, AND HE LOOKED FORWARD TO THE NEXT ROUND, ON LATIN AMERICA.

5. BAKER ALSO HOPED THAT LINKS COULD BE EXPLORED FOR EXCHANGING INFORMATION AND EVEN POLICY DOCUMENTS. IF IT LATER SEEMED WORTHWILE TO EXTEND THIS PRACTICE, CONSIDERATION SHOULD BE GIVEN TO CREATING A TELE-CONFERENCING CAPABILITY.

6. MOVING TO COMMUNITY MATTERS, HE WELCOMED THE PROSPECT OF FURTHER MEETINGS THIS YEAR. THE US HAD BEEN VERY CONTENT WITH THE DISCUSSIONS ON PRODUCT STANDARDS WHICH, TAKING PLACE AT AN EARLY STAGE, HAD HELPED TO PINPOINT PROBLEM AREAS AND THUS TO FACILITATE SOLUTIONS. BAKER DESCRIBED THE G24 EXERCISE AS THE MOST SIGNIFICANT EXAMPLE OF RECENT EC/US COOPERATION. HE CONGRATULATED THE COMMISSION ON THEIR JOB OF COORDINATION.

7. BAKER CONCLUDED WITH A REFERENCE TO RECENT BILATERAL US DISCUSSIONS WITH SOME IN THE COMMUNITY AND WITH THE JAPANESE, ABOUT DUPLICATING THIS EXERCISE ON BEHALF OF THE CENTRAL AMERICAN AND CARIBBEAN COUNTRIES. THE JAPANESE AND THE COMMISSION HAD APPEARED SYMPATHETIC. HE HOPED THAT THE G24 COUNTRIES COULD NOW BUILD ON THE EAST EUROPE MODEL, WITH THE US ACTING THIS TIME AS COORDINATOR.

8. IN THE TOUR DE TABLE THAT FOLLOWED, MANY OF THESE POINTS WERE ECHOED BY EC MINISTERS. GENSCHER (FRG) SPOKE OF THE NEED TO RAISE THE LEVEL OF THE RELATIONSHIP AND IMPROVE ITS QUALITY. HE RECALLED HIS EARLIER SUGGESTION FOR A SOLEMN DECLARATION WHICH WOULD PROVIDE THE STRUCTURE FOR THIS. HE WAS ALSO OPEN TO THE IDEA OF A TREATY.

IN ANY CASE, THE TIME HAD COME TO EXPRESS THE FACT THAT EUROPEAN INTEGRATION SHOULD LEAD TO THE DISTANCE ACROSS THE ATLANTIC BEING NARROWED RATHER THAN WIDENED.

9. YOU WELCOMED THE FACT THAT BAKER'S ORIGINAL INITIATIVE HAD BEEN FOLLOWED UP SO QUICKLY, THANKS TO THE EFFORTS OF THE PRESIDENCY AND THE COMMISSION. A STRONG RELATIONSHIP BETWEEN THE US AND THE COMMUNITY WAS CRUCIAL. YOU AGREED WITH BAKER ON THE IMPORTANCE OF POLITICAL DISCUSSION OF REGIONAL ISSUES. WHILE DIFFERENCES MIGHT BE INEVITABLE, IT WAS VITAL THAT THEY SHOULD BE IDENTIFIED AT AN EARLY STAGE AND THEREBY BECOME EASIER TO RESOLVE. YOU EXPECTED TO SEE AN INCREASING CONVERGENCE OF VIEWS BETWEEN THE TWO SIDES. YOU ALSO BELIEVED THAT EUROPEAN INTEGRATION WOULD HELP THIS PROCESS FORWARD. IN EARLIER DAYS THERE WOULD HAVE BEEN PROBLEMS IN HANDLING THE INSTITUTIONAL ASPECTS OF THE PRESENT MEETING, BUT THE DEVELOPMENT O THE COMMUNITY HAD HELPED TO OBVIATE THESE.

10. DUMAS (FRANCE) SPOKE OF THE HISTORIC IMPORTANCE OF THE MEETING, WHICH WOULD BECOME EVEN CLEARER OVER TIME. AS THE COMMUNITY CONTINUED TO DEVELOP, IT WAS NATURAL THAT A SPECIAL AND STRONGER LINK WITH THE US WOULD BE NEEDED. AND AS THE COMMUNITY ASSUMED MORE RESPONSIBILITIES IN THE REST OF THE WORLD (THE ACP COUNTRIES, THE FAR EAST, THE GULF, CENTRAL AMERICA ETC) AND NEW WAYS WERE DEFINED FOR CONDUCTING RELATIONS WITH EASTERN EUROPE, THIS SHOULD ALSO ENHANCE THE EC RELATIONSHIP WITH THE US. THERE WERE ALREADY SPORADIC LINKS (SUCH AS IN THE G24 AND THE EBRD EXCHANGES) BUT UNTIL NOW AN OVERALL FRAMEWORK HAD BEEN LACKING. NOW WAS THE TIME TO CREATE THIS.

11. MICHELIS (ITALY) SAID THAT THE PRESENT MEETING WAS ALREADY A SIGNAL THAT A NEW RELATIONSHIP WAS IN TRAIN. THIS NEEDED TO BE FOLLOWED UP WITH REGULAR CONTACTS, FOR EXAMPLE BETWEEN THE TROIKA AND THE STATE DEPARTMENT. A SPECIAL PRIORITY SHOULD BE GIVEN TO DEVELOPING THE EC/US RELATIONSHIP ON EVENTS IN LATIN AMERICA, THE MEDITERRANEAN, EASTERN EUROPE AND THE MIDDLE EAST. ALL THIS ACTIVITY SHOULD SUPPLEMENT WHAT WAS ALREADY DONE TOGETHER WITHIN THE ALLIANCE.

12. POOS (LUXEMBOURG) PAID TRIBUTE TO THE BAKER INITIATIVE. CONTENT WAS MORE IMPORTANT THAN FORM, AND WHILE A SOLEMN DECLARATION MIGHT BE CONSIDERED, A LIMITED NUMBER OF PRIORITIES (EASTERN EUROPE, CENTRAL AMERICA, THE MIDDLE EAST) SHOULD BE THE MAIN FOCUS OF THE NEW RELATIONSHIP. IN ADDITION, OTHER WIDER ISSUES (THIRD WORLD DEVELOPMENT, DEBT, ENVIORNMENT, DRUGS, TERRORISM, PROLIFERATION OF

NUCLEAR AND OTHER WEAPONS) SHOULD ALSO BE TACKLED. BOTH SIDES SHOULD AIM FOR THEIR POLICIES TO BE COMPLEMENTARY, AND FOR A STRENGTHENED COMMITMENT TO THEIR FUNDAMENTAL VALUES. HE TOOK NOTE OF THE US PROPOSAL FOR A G24 EXERCISE FOR CENTRAL AMERICA, WHERE THE COMMUNITY WAS ALREADY ACTIVE.

13. FERNANDEZ-ORDONEZ (SPAIN) EXPRESSED DEEP SATISFACTION AT THE BEGINNING OF THE NEW PHASE OF COOPERATION. IT WOULD BE NECESSARY TO ENSURE THAT THE POLITICAL AND ECONOMIC DIALOGUES WERE CONSISTENT AND COORDINATED, AND NOT PURSUED IN SEPARATION. HE ALSO AGREED WITH BAKER ON THE NEED FOR A DIALOGUE WHICH WOULD ANTICIPATE, RATHER THAN MERELY REACT TO, FUTURE PROBLEMS. THE COMMUNITY WAS ALREADY ACTIVE IN CENTRAL AMERICA WITH THE SAN JOSE EXERCISE. ITS PARTICIPATION IN THE US SCHEME COULD ONLY ENRICH ITS PRESENT CONTRIBUTION. DE DEUS PINHEIRO (PORTUGAL) CALLED FOR A DYNAMIC DIALOGUE, WHICH DEALT WITH REGIONAL ISSUES AS WELL AS EUROPEAN TOPICS.

14. EYSKENS (BELGIUM) UNDERLINED THE EVIDENCE THE PRESENT MEETING PROVIDED THAT EC INTEGRATION WOULD NOT LEAD TO ISOLATIONISM, BUT TO CLOSER LINKS WITH THE US. HE SUGGESTED THAT NEW ERASMUS-TYPE (STUDENT EXCHANGES) ARRANGEMENTS SHOULD BE STARTED WITH THE US. IT WAS ALSO IMPORTANT TO PURSUE A GLOBAL APPROACH, AND NOT TRY TO HANDLE COMMUNITY AND NATO ISSUES SEPARATELY. THIS WOULD BE AN ARTIFICIAL DISTINCTION WHICH WAS NO LONGER VALID. DISCUSSION IN WESTERN FORA HAD TO BE COMPLEMENTARY, NOT COMPETITIVE. VAN DER BROEK (NETHERLANDS) WELCOMED THE HISTORIC MEETING, AND THE PROSPECT OF AN INTENSIFIED DIALOGUE.

15. IN RESPONSE BAKER EMPHAISED THAT THE US REMAINED VERY OPEN-MINDED, AS HE HAD SAID IN BERLIN, ABOUT THE FORM OF CLOSER COOPERATION. WHILE HE NOTED WHAT HAD BEEN SAID ABOUT A SOLEMN DECLARATION TREATY, THE US HAD NO PRECONCEPTIONS. EITHER OF THESE ALTERNATIVES OR SOME OTHER OPTION COULD BE THE RIGHT ANSWER. WHAT MATTERED WAS THAT THE NEW MECHANISM SHOULD BE EFFECTIVE. RECALLING HIS EARLY DAYS AS SECRETARY OF STATE, HE NOTED THAT HIS BILATERAL APPEALS TO ALL NATO FOREIGN MINISTERS TO WITHOLD AID FOR NICARAGUA UNTIL DEMOCRATIC ELECTIONS HAD BEEN HELD HAD BEEN INTENSELY USEFUL IN PRESSURISING THE NICARAGUAN REGIME TO ALLOW SUCH ELECTIONS. THAT WAS A GOOD EXAMPLE OF THE SORT OF FUTURE COLLABORATION HE HAD IN MIND, WHICH COULD BE EVEN MORE EFFECTIVE WHEN PURSUED IN MULTILATERAL FORA.

16. COLLINS CONCLUDED THAT ALL MINISTERS WELCOMED THE OPPORTUNITIES WHICH THE NEW RELATIONSHIP PROMISED, COVERING ALL

ASPECTS OF EC AND EPC ACTIVITIES. HE NOTED WHAT GENSCHER HAD SAID ABOUT INSTITUTIONAL DEVELOPMENTS, WHICH WOULD BE CONSIDERED AT THE NEXT INFORMAL EC FOREIGN MINISTERS MEETING. THE OTHER IDEAS LAUNCHED BY BAKER WOULD ALSO BE EXAMINED. IN SHORT, A GOOD BEGINNING HAD BEEN MADE.

HANNAY

YYYY

DISTRIBUTION 29

ADVANCE 29

.FRAME EXTERNAL
PS
MR BAYNE
MR KERR
RESIDENT CLERK
HD/ECD(E)
HD/NEWS D
HD/ERD
HD/NAD
MS LIFE ECD(E)
MISS N BREWER ERD
MR D A HADLEY CABINET OFFICE
MR B BENDER CABINET OFFICE
MR L PARKER CABINET OFFICE
MS ANDERSON CABINET OFFICE
MR M. MERCER HMT
MR R ALLEN HMT
MR C W ROBERTS DTI VIC ST
MR T MUIR DTI VIC ST
MR A MORGAN OT2/1B DTI VIC ST
MR A MURRAY DTI VIC ST
MR HAGESTADT DTI VIC ST
MR D LOVE DTI VIC ST
PERMANENT SECRETARY MAFF
HD/ECFAD ODA
HD/ECD/ODA
MR RAY ECFAD ODA

NNNN

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

EHG(D) 90 (13)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

ENVIRONMENT

E.E.D.

Reference: A: 19 June Irish draft declaration on the environment
B: Bergen Declaration

BACKGROUND

1. The Declaration on the environment is very much Mr Haughey's own initiative. We and others have made clear that we have no objection in principle to a Dublin text, and the Irish draft contains much that is in line with UK policy. But while Mr Haughey appears to have accepted that a separate charter of environmental rights should not be pursued, the current draft still contains elements on individual "rights" which raise concerns here and in other member states. Officials therefore meet in Dublin on 21-22 June in order to reach agreement on a text before the European Council.

2. We shall want to maintain and accentuate the positive elements in the Irish draft, eg the emphasis on more effective implementation and greater access to environmental information; the encouraging references to the IPCC process;

DC1ACL/1 /AR

the balanced references to Eastern Europe; and a reasonable acknowledgement of the importance of the EC and Member States working together more coherently in international fora.

3. Our difficulties fall into three categories:

(a) the concept of environmental rights (see para 4);

(b) the effect the Declaration would have on preparations for the 1992 UN Conference on Environment and Development (see para 5);

(c) individual points in the text which could be improved (see para 6).

4. The concept of environmental rights in Section IV ("personal rights and responsibilities") is seriously flawed. The definition of "rights" has clear legal implications which have not been examined; and it is patently nonsense to suggest that governments can guarantee the right to clean air, water etc. The "rights" as drafted in the Declaration are not themselves justiciable, but there is a danger that the Commission may, in the future, attempt to translate such a declaration into binding proposals; and the ECJ might give weight to the declaration in interpreting the intentions of member states. In the 21-22 June Meeting we and others will be seeking less pseudo-legal language such as "expectations" or "aspirations".

5. The Declaration calls on the Community and its Member States to take the lead in promoting the adoption by the UN Conference on Environment and Development in 1992 of a comprehensive code of environmental principles, incorporating citzens' rights to clean air, unpolluted waters, clean, healthy food, and the preservation of landscape and other elements of man's natural heritage. It would be counterproductive for the West, or the Community,

to be seen to be dictating policy to the developing world and Eastern Europe; and the Dublin declaration should avoid being too prescriptive, or advocating objectives (such as the definition of citizen's rights) which we regard anyway as undesirable. In practice, this means that the Declaration should not go beyond what was agreed at Bergen, which concentrated on sustainable development and increasing public awareness of environmental issues.

6. Points in the text which require attention are:

- the reference to IGC consideration of the extension of qualified majority voting (QMV). This is an issue for the Political Union IGC: it should not be prejudged. In any event, Article 130(s) of the SEA already allows the Council to agree by unanimity what measures could be adopted by QMV.

- the reference to a "greater reliance on economic and fiscal measures": this could be taken as encouragement for fiscal harmonisation transposed to the environmental sector.

- the reference to a "review of the overall budgetary resources devoted to Community environment policy" is neutral in the text. We should try to get it removed but shall in any case want to ensure that it is not interpreted as opening the way to increased Community spending on the environment;

- the reference to diverting defence expenditure to environmental policies should be removed;

- the reference to asking the Commission to consider extending the scope of the environmental impact assessment system conflicts with our policy of opposing extension of EIA.

Other Member States' Attitudes

7. The Danes and the Dutch are likely, broadly, to support the Irish text. The Spaniards, and to a lesser extent the Greeks and Portuguese, will have the most difficulty with it. The Germans, and possibly the French, will also have reservations, but experience at Bergen shows they may try to hide behind our objections. The Belgians are concerned about costs. The attitudes of Member States will be clearer after the officials meeting, the outome of which will be reported by the Department of the Environment.

Paragraphs for inclusion in Conclusions of European Council

(A) The natural environment which forms the life support system of our planet is gravely at risk. The earth's atmosphere is seriously threatened. There is concern about the condition of water resources, including the seas and oceans, the depletion of natural resources and the loss of genetic diversity. The quality of life - indeed, the continuation of life - could no longer be assured were recent trends to proceed unchallenged.

(B) A more enlightened and more systematic approach to environmental management is urgently required. Research and environmental monitoring must be intensified to achieve a better understanding of the phenomena involved in global change and the implications of different courses of action. But research must not be used to justify procrastination; the areas of scientific uncertainty have been narrowed down and the implementation of response measures can no longer be delayed.

(C) As Heads of State and Government, we recognise our special responsibility to the people of the Community for their environment. We undertake to use every means available to us to protect and improve the environment, both inside and outside the Community. We intend that action by the Community and its Member States in favour of the environment should be stepped up, based on the principles of sustainable development and preventive and precautionary action. We have, therefore, adopted a Declaration incorporating guidelines for action in the period immediately ahead and a statement of environmental rights and principles.

(D) In addition to its own inherent value, we believe that the adoption and implementation by the Community of a comprehensive and farseeing environment policy will strengthen and promote the identity of the Community and its image both for its own citizens and for the rest of the world. This will contribute significantly to the development and fulfillment of the concept of a People's Europe.

RESTRICTED

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

EDG(D) 90 (14)

20 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

SOCIAL ACTION PROGRAMME

BACKGROUND

1. The Commission's Social Action Programme, issued in November 1989, contains 49 proposals, including 19 for directives. They hope to put all 49 to the Council by end-1991. One-third, covering eg health and safety at work and free movement of workers, should cause us no difficulty; another third may be manageable; but a third will probably cause us major difficulty, on substance, subsidiarity or competence.

2. This last category includes proposals already submitted or expected this year on:

- atypical (part-time and temporary) work, proposed by the Commission on 13 June (with Sir Leon Brittan, Bangemann and Schmidhuber voting against): would make part-time work (24% of UK workforce) less attractive to employers, and restrict temporary employment;

- working time (expected in June): includes restricting night and shift working allegedly on health and safety grounds;

- contracts of employment: all workers to have terms and conditions laid down in writing;

PB1ACC/1 /YK

RESTRICTED

- information, consultation and participation of workers: UK supports these principles, but on voluntary basis;

- sub-contracting, ie to regulate working conditions of workers from one member state performing contract work in another member state: UK considers this a protectionist measure, and one which would work against the competitive advantage on wage costs of Southern member states.

3. The Secretary of State reiterated to Delors on 17 June our concern at the Commission bringing out the most controversial measures first, using Qualified Majority legal bases which were not legally justifiable. We shall be following this up with Delors.

4. We intend to consider each Action programme measure on its merits. We have made clear our strong objection to the atypical work proposal. We expect to find some support from the Danes, Irish, Dutch and, on unjustified use of qualified majority legal bases, the Germans. But most of our partners have heavily regulated labour markets, and have fewer fundamental problems with the objectives of the Action Programme.

PB1ACC/2

CC PC PU

CONFIDENTIAL

Department of Employment
Caxton House, Tothill Street, London SW1H 9NF

Telephone 071-273 5802
Telex 915564 Fax 071-273 5821

Secretary of State

The Rt Hon Douglas Hurd CBE MP
Foreign Secretary
Foreign and Commonwealth Office
Whitehall
LONDON SW1A 2AH

24 June 1990

Dear Douglas

EC DIRECTIVES ON PART-TIME AND TEMPORARY WORK

I reported to Cabinet last week that the European Commission on 13 June voted by 11:3 to propose three draft directives on part-time and temporary work. The directives themselves are unlikely to be published until the end of June but we have seen copies of the texts discussed by the Commission.

It is clear that the directives would threaten the jobs of many of the UK's 5.5 million part-time workers and put damaging restrictions on the use of temporary workers. I have asked my Department to ensure that all other interested Departments are fully briefed on the directives and our objections to them. I am considering publishing a consultative document as soon as the directives are available inviting employers views and explaining the Government's attitude.

Many other EC member states already have legislation on the lines of the directives. Even where their legislation does not correspond in every detail, they are likely to seek changes to the directives rather than oppose them outright. However, the fact that Commissioner Papandreou had difficulty in getting her proposals through the Commission and that both German Commissioners voted against them, indicates that opinion in some parts of the Community may take a more critical view of individual Action Programme directives than was the case with the Social Charter. There is already concern in some countries (eg Germany) about the ambitions of the Commission to extend its role. They may be particularly sensitive to the provisions of the draft directives which affect social insurance schemes and pension arrangements, where, on the face of it, they would have to make significant changes to their present arrangements.

Secretary of State
for Employment

CONFIDENTIAL

For example, the directive would require that all employees who work for more than 8 hours should pay national insurance contributions. If this threshold replaced the current UK earnings threshold of £46 a week it would mean that some 1.75 million employees who do not pay contributions now would become liable to pay them in the future. There would also be the bizarre result that some 65,000 people who currently earn more than £46 a week by working fewer than 8 hours would cease to be liable to pay contributions. Germany would have to make similar adjustments: currently Germany has a 15 hour threshold and this is combined with an earnings threshold for some benefits.

The most damaging of the directives has been proposed by the Commission under Article 100A of the Treaty. This is a blatant attempt to make the directive a matter for qualified majority voting when it is clear from its contents that the appropriate articles are 100 (because of its employment provisions) and 235 (because of its social insurance provisions). Both these articles require unanimity. The normal procedures for reviewing the use of Article 100A have been set in motion. The advice of the Law Officers is being sought on the timing and substance of a challenge in the European Court of Justice. We shall submit a memorandum to the Council Legal Services as soon as possible with a view to eliciting their opinion on the appropriate Treaty base. It was encouraging that earlier this year the Council Legal Services said that the European Company Statute should have been presented under Article 235 and not 100A as the Commission have proposed.

We shall maintain our efforts to ensure that the Government's case against the directives receives full coverage in the press.

It would be helpful if colleagues would use every opportunity to lobby other Governments - specifically Germany, the Netherlands, Ireland and Denmark - about the scope of the directives and the dangerous precedent they might set for further Commission intrusions into both the areas of employment regulation and social insurance. If a suitable opportunity arises, the Prime Minister may wish to consider raising this with the German Chancellor and others at the Heads of State meeting in Dublin on 26 June.

I am sending copies of this letter to all members of the Cabinet, the Attorney General, the Chief Whip and Sir Robin Butler.

Yours ever

Michael

MICHAEL HOWARD

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

EHG(D) 90 (15)

13 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

INTERNATIONAL ECONOMIC SITUATION

Reference: None

BACKGROUND

Summary

Growth in the Community is expected to remain satisfactory, close to sustainable rates. Inflation in the Community is likely to be higher in 1990 than in 1989, and opinions are divided on whether there will be a significant fall in 1991. Outside the Community, prospects for the US fiscal deficit have deteriorated recently. Prospects for Japan have been little affected by the fall in the yen and equity prices earlier in the year.

Detail

Growth

1. 1989 saw continued strong growth in the industrial economies. Growth slowed in the UK and North America but continued to be strong in Japan and continental Europe. Growth in the Community in 1990 and 1991 is expected to average 3 per cent. This is slower than in 1989 but still probably close to the rate of growth of productive potential. The Commission's forecast for UK growth in 1990 is rather higher than the 1 per cent projected in the FSBR.

Table 1: Growth in Major Economies

GDP/GNP: per cent increase on a year earlier Forecasts

	1988	1989	1990	1991
Germany	3.8	3.4	3.7	3.7
France	3.5	3.5	3.2	3.2
UK	4.3	2.3	1.6	2.4
Italy	4.0	3.2	3.1	2.8
EC-12	3.8	3.4	3.0	3.1
US	4.5	3.0	2.3	2.5
Japan	5.8	4.9	4.7	4.0
G7	4.6	3.5	3.1	3.0

Source: Commission forecasts, May 1990, for EC countries
OECD forecasts, May 1990, for US and Japan and OECD

Inflation

2. G7 average consumer price inflation rose from 3.1 per cent in May 1988 to 5.0 per cent in May 1989 and stood at 4.5 per cent in April 1990. With industry in most countries operating at levels close to capacity, continued strong growth means that inflationary pressures may persist. The OECD expects no fall in average inflation (measured by the GDP deflator) in the industrialised countries. The Commission expects a fall in UK inflation similar to that projected in the FSBR.

Table 2: Inflation in Major Economies

	GDP/GNP deflator per cent change on a year earlier				Latest CPI (April 1990)	
			Forecasts			
	1988	1989	1990	1991	Headline (April)	ex-mips (April)
Germany	1.5	2.5	3.3	3.5	2.3	2.1
France	3.3	2.9	3.0	2.9	3.2	3.2
UK	6.5	6.9	6.3	6.4	9.4	6.5
Italy	6.0	6.3	6.4	5.2	5.7 (May)	5.8
EC-12	4.5	4.9	5.1	4.5	5.4 (March)	5.0 (March)
US	3.3	4.1	4.2	4.5	4.7	5.2 (March)
Japan	0.6	1.5	2.7	2.6	2.5	3.2 (Feb)
G7	2.9	3.7	3.7	3.9	4.5	4.7 (March)

Source: Commission and OECD

Monetary Policy

3. The G7 average 3-month rate on 11 June was 9.3 per cent. US rates have changed little since the last council meeting, with no further easing. Japanese and German market rates have risen slightly, reflecting a further tightening of policy in Japan and strong expected demand for capital in Germany. French and Italian rates have fallen. In contrast, long bond rates are generally higher than in December, partly reflecting increased concerns over inflation. Japanese equity prices have recovered half of their fall in 1990Q1, and there is no evidence of a significant effect on the real economy.

Table 3: Interest rates in Major Economies, 11 June

	US	Japan	Germany	France	UK	Italy	G7
3 month interbank rate	8.3	7.4	8.3	10.0	15.0	11.4	9.3
10 year government bonds	8.7	6.9	8.8	9.8	12.1	12.0	9.0

German Economic and Monetory Union (GEMU)

4. Preparations for GEMU are now well under way. Following the signing of the State Treaty on 18 May, currency union is due on 2 July. Wages, pensions and the first 4000 ostmarks of savings deposits will be convertible for Deutschemarks at 1:1, other ostmark holdings at 2:1. Currency union will lead to an increase in demand in the FRG; a possible rise in official interest rates; an increase in the Federal fiscal deficit, possibly to a combined fiscal deficit of 3½ per cent of combined German GDP in 1991; and a difficult transitional period of restructuring in the GDR, with a risk of high unemployment.

Fiscal Policy

5. Several Community Governments have unsustainable or unsatisfactory fiscal positions. The new Greek government aims to reduce the PSBR: GDP ratio from 19 per cent of GDP in 1989 to 10 per cent by end 1992. Tough measures will be needed to achieve this, and Community assistance will probably be sought. The Italian government recently (18 May) announced emergency measures to keep the 1990 fiscal deficit down to Lira 133 trillion (10.4 per cent of GDP). Portugal, the Netherlands, and Belgium all have large public sector deficits and debts relative to GDP, and Ireland, despite a greatly reduced fiscal deficit, still has a very high debt: GDP ratio. Fiscal consolidation is also needed in the US, where the Federal deficit is expected to be close to $160 billion in FY 1990 and even higher in FY 1991.

H M Treasury

14 June 1990

EUROPEAN COUNCIL, 25/26 JUNE 1990: WESTERN ASSISTANCE TO THE SOVIET UNION

SPEAKING NOTE

- Certainly in our interest that Gorbachev's reforms should continue. Willing to look for ways to help this process. Made this clear when I saw him in Moscow.

- But first require a thorough diagnosis of the problem. Far from being poor, Soviet Union has enormous natural resources. But it faces massive economic problems after 70 years of unique mismanagement.

- 5 years on economic perestroika still has not seriously started. Ill conceived attempts at reform have created severe macro economic imbalance and led to falling output and accelerating inflation.

- Ryzhkov's latest reform package misjudged (shock without therapy). New version due by 1 September. Far from certain that government will have courage to introduce unpopular measures (eg price liberalisation).

- But problem insoluble without real reform. Economic aid at present would only allow Russians to delay real reform. And delay means contuing economic decline, mounting domestic criticism, and further erosion of his position.

- Our task is to consider whether there are concrete ways to encourage him to follow the path of reform.

  - first, Chancellor Kohl has mentioned a short term credit exercise which German banks are putting together, and which the Federal Government will guarantee.

SUDAAK/7

- second, most western export credit agencies are open for medium term cover for the Soviet Union. See no case for a massive increase in medium/long term credit. Some delays in payments due, but some evidence that the Russians are doing something about it.

- third, bilateral know how and technical assistance have a vital role as a catalyst of reform. Other Member states are also very active. UK has developed experience of providing such assistance in Hungary and Poland. We intend to build on this with the Soviet Union. Signed MOU on management training in Moscow earlier this month. This is the kind of help they need.

- fourth, we must build up the economic co-operation element of the EC/USSR Trade and Economic Co-operation Agreement.

- finally, sustaining reform over time so that the Soviet Union can mobilise their own resources and in due course get access to financial markets. How can we encourage Soviet commitment to economic reform and a timetable for its implementation? Not by pumping in money. But perhaps by holding out the prospect of a positive western response if real reform gets under way.

- Cannot do this until we have a clear analysis of the problem, backed up by data, together with a prescription of the reform which will be necessary, and the measures which the Soviet Union should be prepared to put in place, with a timetable.

- What mechanism could best assure this? Clearly we need to draw on all available expertise. In particular both IMF and IBRD will have a crucial role. Only they combine the expertise and experience of macro-economic conditionality which must underpin our approach. ~~But~~ there should ~~also~~ be

The EBRD can also play an important part.

a ~~role for EBRD,~~ rdom for advice from the OECD and the EIB, and of course for the considerable experience of the European Commission.

- I believe that the decision of this European Council should be to call for the creation of an international task force, drawing on all sources of expertise, to carry this forward.

The task force will need to have urgent exploratory contacts with the Soviet Government in order to:

(a) develop appropriate data and evaluate the problems in the Soviet economy;
(b) discuss a programme of economic reform and
(c) consider how the West can help the process, including developing the right conditionality.

- We would of course wish to bring in non-Community countries. So we would need to sell this approach at the Economic Summit, and get full US and Japanese backing. The task force could give a progress report at the time of the IMF/IBRD annual meetings in September.

- I would be ready to speak to this proposal at Houston. And I would be happy to see us launch it here today.

DRAFT MINUTE PS/PS NO 10

EUROPEAN COUNCIL: WESTERN ASSISTANCE TO THE SOVIET UNION

1. The Foreign Secretary has seen your letter of 22 June giving the Prime Minister's reactions to his minute of 21 June.

2. First indications from the Franco-German meeting on 22 June suggest that President Mitterrand and Chancellor Kohl certainly envisage a major role for Attali, and EBRD when it is up and running. They also appear to envisage an interim role for the European Investment Bank, which would be unsatisfactory given that it would exclude non-EC participation. But the Foreign Secretary remains uneasy about giving EBRD a leading role in analysis of the Soviet economy, advice to the Russians on reform and discussing western support. He has four concerns:

(a) The IMF would be more likely to canvass realistic levels of support and appropriately stringent conditions. In contrast Attali could be expected to produce more maximalist ideas, along the lines President Mitterrand may envisage.

(b) We could not be sure that in overcoming EBRD's lack of inhouse expertise, Attali would turn only to the IMF and OECD. He might well recruit staff with ideas closer to his own.

(c) The US would not welcome a major role for Attali or the EBRD. You will recall that they - like us - would have preferred Ruding to run EBRD - Attali is not a popular figure in Washington - and they only reluctantly accepted restricted Soviet participation in EBRD.

(d) EBRD is designed for a different job: galvanising western private investment in the new East European private sectors. The EBRD will not be equipped to engineer and enforce the macro-economic conditionality which is basic to the IMF's approach.

3. Given that the Russians are not IMF members, the Foreign Secretary still thinks the task force idea best: it would bring this exercise as close as possible to existing IMF practice. Calling for a first report at the time of the annual IMF/IBRD annual meetings would also be useful in this respect. As to who should lead the task force, the Foreign Secretary favours choosing a leading financial figure; but he takes the Prime Minister's point about the risks in our putting forward Ruding. He is inclined to think it best to play this by ear in Dublin.

4. I understand that the Chancellor of the Exchequer's views are similar. FCO and Treasury officials have however agreed the enclosed revised speaking note for Dublin.

6. I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Trade and Industry, and to the Cabinet Secretary.

EUROPEAN COUNCIL, 25/26 JUNE 1990: WESTERN ASSISTANCE TO THE SOVIET UNION

SPEAKING NOTE

- Certainly in our interest that Gorbachev's reforms should continue. Willing to look for ways to help this process. Made this clear when I saw him in Moscow.

- But first require a thorough diagnosis of the problem. Far from being poor, Soviet Union has enormous natural resources. But it faces massive economic problems after 70 years of unique mismanagement.

- 5 years on economic perestroika still has not seriously started. Ill conceived attempts at reform have created severe macro economic imbalance and led to falling output and accelerating inflation.

- Ryzhkov's latest reform package misjudged (shock without therapy). New version due by 1 September. Far from certain that government will have courage to introduce unpopular measures (eg price liberalisation).

- But problem insoluble without real reform. Economic aid at present would only allow Russians to delay real reform. And delay means contuing economic decline, mounting domestic criticism, and further erosion of his position.

- Our task is to consider whether there are concrete ways to encourage him to follow the path of reform.

  - first, Chancellor Kohl has mentioned a short term credit exercise which German banks are putting together, and which the Federal Government will guarantee.

MS1AAW/6

- second, most western export credit agencies are open for medium term cover for the Soviet Union. See no case for a massive increase in medium/long term credit. Some delays in payments due, but some evidence that the Russians are doing something about it.

- third, bilateral know how and technical assistance have a vital role as a catalyst of reform. Other Member states are also very active. UK has developed experience of providing such assistance in Hungary and Poland. We intend to build on this with the Soviet Union. Signed MOU on management training in Moscow earlier this month. This is the kind of help they need.

- fourth, we must build up the economic co-operation element of the EC/USSR Trade and Economic Co-operation Agreement.

- finally, sustaining reform over time so that the Soviet Union can mobilise their own resources and in due course get access to financial markets. How can we encourage Soviet commitment to economic reform and a timetable for its implementation? Not by pumping in money. But perhaps by holding out the prospect of a positive western response if real reform gets under way.

- Cannot do this until we have a clear analysis of the problem, backed up by data, together with a prescription of the reform which will be necessary, and the measures which the Soviet Union should be prepared to put in place, with a timetable.

- What mechanism could best assure this? Suggest we invite a special emissary, Mr Ruding, who has distinguished and relevant experience, to establish a task force to carry this forward. We should invite the Presidents of the International Financial Institutions (both IMF and IBRD) and

the OECD to provide staff with relevant experience. I hope the European Commission can feed in their considerable expertise also, the the EBRD will have an increasing input. The task force will need to have urgent exploratory contacts with the Soviet Government in order to:

(a) develop appropriate data and evaluate the problems in the Soviet economy;
(b) discuss a programme of economic reform and
(c) consider how the West can help the process, including developing the right conditionality.

- We would of course wish to bring in non-Community countries. So we would need to sell this approach at Houston, and get full US and Japanese backing. Suggest that the emissary give a progress report to the IMF/IBRD annual meetings in September.

DC

CONFIDENTIAL

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

EHG(D) 90(18)

20 JUNE 1990

EUROPEAN COUNCIL, DUBLIN
25/26 JUNE 1990

SOUTH AFRICA

OBJECTIVES

To agree a Declaration on South Africa which:

- incorporates a reorientation of EC policy:

- sends a strong signal of support to President de Klerk;

- cannot be interpreted as a defeat for Mandela;

- expands the Positive Measures Programme and makes it available to NGOs outside existing "channels";

- allows some relaxation of restrictive measures;

- and recognises the need for economic underpinning of political change.

after a discussion which avoids polarisation of support as between de Klerk and Mandela.

POINTS TO MAKE IN OPENING STATEMENT:

For years our goal has been to persuade the South African Government to engage in dialogue on a new constitution to replace apartheid. In 1986, after the aborting of the efforts of the Commonwealth's Eminent Persons' Group, there seemed little hope of being able to make any progress. We did two things then: we sent a signal of support to the black community through our Positive Measures Programme, and we sent signals of disapproval through the imposition of new restrictive measures. We said then that we wanted dialogue and this meant the unbanning of the ANC and other political parties, the release of Nelson Mandela and other political prisoners, and the lifting of the State of Emergency.

De Klerk has moved faster and further than anyone could have expected. Indeed, even since our meeting at Strasbourg, the pace of reform has been dramatic. He has done all we asked him to do. He has opened the way to dialogue and indeed has led direct talks with the ANC. He has already begun to remove the pillars of apartheid - the Separate Amenities Act was repealed on 19 June. He is committed to remove the Group Areas Act and the Land Acts next year. So far de Klerk has lived up to his commitments.

De Klerk has embarked on a high risk policy. He has burned his boats. There is trouble brewing. He has problems with his own supporters, as we saw in the result

of the Umlazi by-election. He needs something to show for his efforts. We must all do something which de Klerk can show to his supporters as evidence that his policies bring benefits.

We must continue the process of lifting restrictive measures. If someone does what you ask of him, one should recognise that fact. He has done what we asked in 1986: we should therefore lift the measures then imposed. If we do not, if we move the goalposts yet again, if we treat him as if he were P W Botha, we shall not only be acting dishonestly, but we shall undermine his efforts to sweep away apartheid. It would be unforgivable if de Klerk faltered or was swept away for lack of tangible encouragement from us.

Mandela too has his problems with his constituency. He too needs tangible support. That we give through our Positive Measures Programme. He has appealed to most of us not to lift sanctions. Equally, most of us have begun the process in one form or another. We should not listen only to his views, any more than we should listen only to de Klerk. We should do what we think will help matters forward. We can best help Mandela by helping de Klerk to maintain the momentum of change. We should also make it clear to Mandela, and indeed to the right-wing extremists, that the language of violence is unacceptable to us. All parties should commit themselves unequivocably to the peaceful process of change through negotiation and stop the rhetoric of armed revolution.

We all know that economic growth in South Africa is essential if both blacks and whites are to benefit from negotiations. The socio-economic imbalances have to be redressed. This means an increase in positive action through our Positive Measures Programmes. It also means that we should begin to remove the economic constraints. In particular, it is absurd to continue to discourage new investment. We have begun to do what is necessary - so have some others. Now it is up to others to consider how they too can give practical support to the process of change.

DETAILED POINTS TO MAKE

Condemn Violence

- The ANC and the SAG made a joint commitment to peaceful solutions at the Cape Town talks (2-4 May). Continued ANC talk of "armed struggle" is damaging and illogical.

Need for Economic Underpinning

- Economic growth is essential if both blacks and whites are to benefit from negotiations. Post apartheid South Africa will need growth and investment to tackle socio-economic problems and to reduce risk of political polarisation. EC should encourage international financial institutions to examine now how they can help (as Commonwealth asked at Kuala Lumpur). But main source will be private investment. This will depend on commercial judgement of South Africa's prospects (Mandela seems not to understand this and expects money to flood in when he gives the word on sanctions).

- Population growing by 1 million per year. This means 330,000 extra children looking for places in school and 250,000 extra people looking for a job. Absurd to hold development back.

Positive Measures

- Need to send political signal to black community. Essential to increase positive measures as political signal as well as to help blacks prepare for their future role. Should concentrate on priorities recommended by Ambassadors. This means greater emphasis on education, training and development.

- New money should also be available directly to worthwhile NGOs in addition to via existing channels. Absurd that NGOs with proven track record of effective work in priority areas (Urban Foundation, Black Sash, Operation Hunger) have virtually no EC funding. Commission presence in South Africa would help overcome such problems and ensure most effective disbursement of programme.

Restrictive Measures

- Should continue progressive relaxation of Community measures as change occurs. Rightly began with cultural and scientific contacts. De Klerk has now met EC criteria as laid down in 1986 (open dialogue, release prisoners, unban parties, lift State of Emergency) and Strasbourg Declaration ("evidence of profound and irreversible change"). We should say so and should act accordingly by beginning to lift 1986 measures.

- Investment ban obviously incompatible with South Africa's long term economic needs. Unlike other 1986

measures not enforced by Community legislation. Voluntary in application. Lifting ban does not mean encouraging investment only stop discouraging.

[Fall backs - in order of preference]

- We could suspend the ban as Italy has suggested.

- We could adopt a formula which suggests collective action be taken first on measures implemented nationally. [This means the investment ban, which was a community decision implemented nationally.]

- If we cannot agree together to take action on sanctions, we could agree that each of us will decide on the appropriate national steps in relation to sanctions to provide encouragement for the South African Government's policies.

DEFENSIVE POINTS

- Should not put ourselves in thrall to Mandela any more than to de Klerk.

- Need to move carefully on relaxing ban on sporting contacts. Emotional symbol. A recent 'rebel' cricket tour demonstrated dangers - it threatened to disrupt reform process.

- Hard to envisage new trigger for relaxing measures. No meetings are planned for 10 July. It is merely the date before which the ANC cannot reply to de Klerk on whether to accept the SAG/ANC Working Group proposals on political prisoners. (The SAG have already accepted).

Should not move goalposts. EC already has clear and public criteria: 1986 measures (releasing prisoners, unbanning political parties, lifting State of Emergency) and Strasbourg ("clear evidence of profound and irreversible change").

EC Code of Conduct

- German proposals (Ig Metall's 14 points) go beyond UK domestic labour legislation. We should stick to present code, but work for better implementation in South Africa.

REFERENCES

A: The Strasbourg Declaration on Southern Africa;

B: EPC Ministerial, 18 June;

C: Statement by EC Foreign Ministers, 15 September 1986;

D: Ambassadors' report on positive measures programme;

E: Commission report on positive measures programme.

BACKGROUND

1. There is widespread recognition among the Twelve of change in South Africa, the need for the Community to adapt its policy accordingly, and the need to send a strong signal of support to President de Klerk. As Mr Haughey told the Prime Minister on 13 June, the Presidency want the Council to issue a positive statement on South Africa. This would up-date the declaration
A issued by the Strasbourg Council, which has now been largely overtaken by events in South Africa.

2. However there is no consensus at present on how EC policy should be adapted and whether the signal to de Klerk should include a relaxation of sanctions. It will not help de Klerk to have a row ending with stalemate about sanctions at Dublin, but we must find a formula which expresses clear support for his efforts. Our best chance of success may lie in going for wording which allows countries discretion to lift measures implemented nationally - which include the investment ban.

We should try for language which emphasizes South Africa's long-term economic needs and the fundamental importance of foreign investment if the underlying socio-economic problems are to be overcome. Set in this context, the investment ban is clearly counter-productive and the inconsistency with positive measures is underlined. We should press for the inclusion in the Dublin Declaration of CHOGM-style language on the need for the international financial institutions to consider now what resources they can make available to South Africa. It is also important to get an explicit call for all sides to cease talk of violence.

3. Most EC Heads of Government were impressed by de Klerk during his European tour (he saw all except those of Denmark, the Netherlands and Luxembourg). He has since written to them all reiterating his determination to end apartheid and enumerating the steps he has taken. The Troika Mission to South Africa in April also served a useful purpose in educating the participants (particularly the Irish) in the realities of the changes President de Klerk has accomplished. But Mandela's repeated demand during his European tour that sanctions should be maintained is also having an effect. One of his arguments is that he too needs support in fending off militants in his constituency. He has already visited Paris, Bonn, Strasbourg, Rome and the Hague, with Dublin and London to follow. At a meeting with Collins in Strasbourg he said that countries in favour of lifting sanctions did not realise the potential

problems they were creating for their nationals in South Africa. He also asked that the ANC be consulted before any decision to lift sanctions. Several countries believe that the problem for the Council is to find a means of helping both de Klerk and Mandela.

4. There has been full discussion of South Africa within
B EPC at official and ministerial level in preparation for Dublin. We have argued that the EC must adopt a comprehensive approach in revising its policy. It must look again at both restrictive and positive measures, sending signals of support to both President de Klerk and Mandela. On restrictive measures we have argued that
C de Klerk has met the demands made by EC Foreign Ministers when imposing measures in 1986 and that those measures should therefore now be lifted, beginning with the investment ban. To those partners, such as France, who have argued that the 1986 criteria are now overtaken by the Strasbourg commitment to reconsider sanctions when there is "clear evidence ... of profound and irreversible change" we have argued that that evidence is now before us. At the EPC Ministerial on 18 June there was much support for a step-by-step approach. But France, the Netherlands, Ireland, Denmark and Luxembourg indicated that they would oppose any decision to lift sanctions at Dublin. Italy and Spain suggested that new clear criteria should be established for triggering the lifting of sanctions, perhaps based on the "10 July meeting". (This is a misunderstanding of the significance of 10 July date. It is simply the date

before which the ANC have told President de Klerk they will be unable to take a decision on whether to accept the joint SAG-ANC Working Group proposals on political prisoners). The Italians had earlier argued in political committee that the investment ban should be "suspended" rather than lifted (in practical terms the distinction seems minimal). The proposal attracted some support from Luxembourg and Belgium, but there was no sign from the EPC Ministerial that it would run.

5. Italy effectively lifted the ban on new investment in October 1988 when a law was passed removing all government controls on overseas investment. In Belgium, the FRG, France, Luxembourg and The Netherlands, the investment ban is voluntary.

Positive Measures

D 6. EC Ambassadors in Cape Town agreed a report in March on the Positive Measures Programme. The report recommended that priority should be given to humanitarian areas (housing, education, health, rural development) and that alternative routes to the four existing channels for the disbursement of the programme should be found

E (because of their pro-ANC/UDF bias). The Commission have now prepared their own report on the Positive Measures Programme, which is in part a response to the Ambassadors' report. The Commission's report is an extremely cautious document and from our point of view is not very helpful. It concludes that there is no need for a change at present in the guidelines for the Positive

Measures Programme, nor in the four channels. It recommends a gradual transition to a more developmental approach in the areas identified by the Ambassadors, a gradual elimination of support for South African newspapers (for which we have been pressing) and help when necessary for the resettlement of returning exiles. In the brief discussion in the EPC Ministerial on 18 June there was support for the Commission's proposals. Several countries attach importance to what they see as the political character of the programme. We have no difficulty with this. The FRG spoke in favour of extending disbursement of the programme beyond the four channels, through a Commission presence on the ground(for which we are also pressing). The Italians share our approach and may take the lead at Dublin. We should present changes to the Positive Measures Programme as political support for the black communities (analogous to the political support the EC should give de Klerk by lifting sanctions) and seek endorsement of the Ambassadors' recommendations.

The Council, acting in accordance with the provisions of Article 100A, may decide that the provisions in force in a Member State must be recognized as being equivalent to those applied by another Member State.

2. The provisions of Article 100A(4) shall apply by analogy.

3. The Commission shall draw up the inventory referred to in the first subparagraph of paragraph 1 and shall submit appropriate proposals in good time to allow the Council to act before the end of 1992."

Sub-Section II—Monetary Capacity

ARTICLE 20

1. A new Chapter 1 shall be inserted in Part Three, Title II of the EEC Treaty reading as follows:

"CHAPTER 1

Co-operation in Economic and Monetary policy (Economic and Monetary Union)

ARTICLE 102A

1. In order to ensure the convergence of economic and monetary policies which is necessary for the further development of the Community, Member States shall co-operate in accordance with the objectives of Article 104. In so doing, they shall take account of the experience acquired in co-operating within the framework of the European Monetary System (EMS) and in developing the ECU, and shall respect existing powers in this field.

2. Insofar as further development in the field of economic and monetary policy necessitates institutional changes, the provisions of Article 236 shall be applicable. The Monetary Committee and the Committee of Governors of the Central Banks shall also be consulted regarding institutional changes in the monetary area."

2. Chapters 1, 2 and 3 shall become Chapters 2, 3 and 4 respectively.

Sub-Section III—Social Policy

ARTICLE 21

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 118A

1. Member States shall pay particular attention to encouraging improvements, especially in the working environment, as regards the health and safety of workers, and shall set as their objective the harmonisation of conditions in this area, while maintaining the improvements made.

2. In order to help achieve the objectives laid down in the first paragraph, the Council, acting by a qualified majority on a proposal from the Commission, in co-operation with the European Parliament and after consulting the Economic and Social Committee, shall adopt, by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.

Such directives shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings.

3. The provisions adopted pursuant to this Article shall not prevent any Member State from maintaining or introducing more stringent measures for the protection of working conditions compatible with this Treaty."

ARTICLE 22

The EEC Treaty shall be supplemented by the following provision:

"ARTICLE 118B

The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relations based on agreement."

Sub-Section IV—Economic and Social Cohesion

ARTICLE 23

A Title V shall be added to part Three of the EEC Treaty reading as follows:

"TITLE V

ECONOMIC AND SOCIAL COHESION

ARTICLE 130A

In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion.

In particular the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions.

ARTICLE 130B

Member States shall conduct their economic policies, and shall co-ordinate them, in such a way as, in addition, to attain the objectives set out in Article 130A. The implementation of the common policies and of the internal market shall take into account the objectives set out in Article 130A and in Article 130C and shall contribute to their achievement. The Community shall support the achievement of these objectives by the action it takes through the structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section, European Social Fund, European Regional Development Fund), the European Investment Bank and the other existing financial instruments.

ARTICLE 130C

The European Regional Development Fund is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.

ARTICLE 130D

Once the Single European Act enters into force the Commission shall submit a comprehensive proposal to the Council, the purpose of which will be to make such amendments to the structure and operational rules of the existing structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section, European Social Fund, European Regional Development Fund) as are necessary to clarify and rationalize their tasks in order to contribute to the achievement of the objectives set out in Article 130A and Article 130C, to increase their efficiency and to co-ordinate their activities between themselves and with the operations of the existing financial instruments. The Council shall act unanimously on this proposal within a period of one year, after consulting the European Parliament and the Economic and Social Committee.

ARTICLE 130E

After adoption of the decision referred to in Article 130D, implementing decisions relating to the European Regional Development Fund shall be taken by the Council, acting by a qualified majority on a proposal from the Commission and in co-operation with the European Parliament.

With regard to the European Agricultural Guidance and Guarantee Fund, Guidance Section and the European Social Fund, Articles 43, 126 and 127 remain applicable respectively."

Sub-Section V—Research and Technological Development

ARTICLE 24

A Title VI shall be added to Part Three of the EEC Treaty reading as follows:

"TITLE VI

RESEARCH AND TECHNOLOGICAL DEVELOPMENT

ARTICLE 130F

1. The Community's aim shall be to strengthen the scientific and technological basis of European industry and to encourage it to become more competitive at international level.

2. In order to achieve this, it shall encourage undertakings including small and medium-sized undertakings, research centres and universities in their research and technological development activities; it shall support their efforts to co-operate with one another, aiming notably at enabling undertakings to exploit the Community's internal market potential to the full, in particular through the opening up of national public contracts, the definition of common standards and the removal of legal and fiscal barriers to that co-operation.

3. In the achievement of these aims, special account shall be taken of the connection between the common research and technological development effort, the establishment of the internal market and the implementation of common policies, particularly as regards competition and trade.

ARTICLE 130G

In pursuing these objectives the Community shall carry out the following activities, complementing the activities carried out in the Member States:

(a) implementation of research, technological development and demonstration programmes, by promoting co-operation with undertakings, research centres and universities;

(b) promotion of co-operation in the field of Community research, technological development and demonstration with third countries and international organizations;

(c) dissemination and optimization of the results of activities in Community research, technological development and demonstration;

(d) stimulation of the training and mobility of researchers in the Community.

ARTICLE 130H

Member States shall, in liaison with the Commission, co-ordinate among themselves the policies and programmes carried out at national level. In close contact with the Member States, the Commission may take any useful initiative to promote such co-ordination.

ARTICLE 130I

1. The Community shall adopt a multiannual framework programme setting out all its activities. The framework programme shall lay down the scientific and technical objectives, define their respective priorities, set out the main lines of the activities

envisaged and fix the amount deemed necessary, the detailed rules for financial participation by the Community in the programme as a whole and the breakdown of this amount between the various activities envisaged.

2. The framework programme may be adapted or supplemented, as the situation changes.

ARTICLE 130K

The framework programme shall be implemented through specific programmes developed within each activity. Each specific programme shall define the detailed rules for implementing it, fix its duration and provide for the means deemed necessary.

The council shall define the detailed arrangements for the dissemination of knowledge resulting from the specific programmes.

ARTICLE 130L

In implementing the multiannual framework programme, supplementary programmes may be decided on involving the participation of certain Member States only, which shall finance them subject to possible Community participation.

The Council shall adopt the rules applicable to supplementary programmes, particularly as regards the dissemination of knowledge and the access of other Member States.

ARTICLE 130M

In implementing the multiannual framework programme, the Community may make provision, with the agreement of the Member States concerned, for participation in research and development programmes undertaken by several Member States, including participation in the structure created for the execution of those programmes.

ARTICLE 130N

In implementing the multiannual framework programme, the Community may make provision for co-operation in Community research, technological development and demonstration with third countries or international organizations.

The detailed arrangements for such co-operation may be the subject of international agreements between the Community and the third parties concerned which shall be negotiated and concluded in accordance with Article 228.

ARTICLE 130O

The Community may set up joint undertakings or any other structure necessary for the efficient execution of programmes of Community research, technological development and demonstration.

ARTICLE 130P

1. The detailed arrangements for financing each programme, including any Community contribution, shall be established at the time of the adoption of the programme.

2. The amount of the Community's annual contribution shall be laid down under the budgetary procedure, without prejudice to other possible methods of Community financing. The estimated cost of the specific programmes must not in aggregate exceed the financial provision in the framework programme.

ARTICLE 130Q

1. The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, adopt the provisions referred to in Articles 130I and 130O.

2. The Council shall, acting by a qualified majority on a proposal from the Commission, after consulting the Economic and Social Committee, and in co-operation with the European Parliament, adopt the provisions referred to in Articles 130K, 130L, 130M, 130N, and 130P(1). The adoption of these supplementary programmes shall also require the agreement of the Member States concerned."

Sub-Section VI—Environment

ARTICLE 25

A Title VII shall be added to Part Three of the EEC Treaty reading as follows:

"TITLE VII

ENVIRONMENT

ARTICLE 130R

1. Action by the Community relating to the environment shall have the following objectives:

—to preserve, protect and improve the quality of the environment;

—to contribute towards protecting human health;

—to ensure a prudent and rational utilization of natural resources.

2. Action by the Community relating to the environment shall be based on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source, and that the polluter should pay. Environmental protection requirements shall be a component of the Community's other policies.

3. In preparing its action relating to the environment, the Community shall take account of:

—available scientific and technical data;

—environmental conditions in the various regions of the Community;

—the potential benefits and costs of action or of lack of action;

—the economic and social development of the Community as a whole and the balanced development of its regions.

4. The Community shall take action relating to the environment to the extent to which the objectives referred to in paragraph 1 can be attained better at Community level than at the level of the individual Member States. Without prejudice to certain measures of a Community nature, the Member States shall finance and implement the other measures.

5. Within their respective spheres of competence, the Community and the Member States shall co-operate with third countries and with the relevant international organizations. The arrangements for Community co-operation may be the subject of agreements between the Community and the third parties concerned, which shall be negotiated and concluded in accordance with Article 228.

The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.

ARTICLE 130S

The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall decide what action is to be taken by the Community.

The Council shall, under the conditions laid down in the preceding subparagraph, define those matters on which decisions are to be taken by a qualified majority.

ARTICLE 130T

The protective measures adopted in common pursuant to Article 130S shall not prevent any Member State from maintaining or introducing more stringent protective measures compatible with this Treaty."

CHAPTER III

Provisions amending the Treaty establishing the European Atomic Energy Community

ARTICLE 26

The EAEC Treaty[1] shall be supplemented by the following provisions:

"ARTICLE 140A

1. At the request of the Court of Justice and after consulting the Commission and the European Parliament, the Council may, acting unanimously, attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice on points of law only and in accordance with the conditions laid down by the Statute, certain classes of action or proceeding brought by natural or legal persons. That court shall not be competent to hear and determine actions brought by Member States or by Community Institutions or questions referred for preliminary ruling under Article 150.

2. The Council, following the procedure laid down in paragraph 1, shall determine the composition of that court and adopt the necessary adjustments and additional provisions to the Statute of the Court of Justice. Unless the Council decides otherwise, the provisions of this Treaty relating to the Court of Justice, in particular the provisions of the Protocol on the Statute of the Court of Justice, shall apply to that court.

3. The members of that court shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office; they shall be appointed by common accord of the Governments of the Member States for a term of six years. The membership shall be partially renewed every three years. Retiring members shall be eligible for reappointment.

4. That court shall establish its rules of procedure in agreement with the Court of Justice. Those rules shall require the unanimous approval of the Council."

ARTICLE 27

A second paragraph shall be inserted in Article 160 of the EAEC Treaty worded as follows:

"The Council may, acting unanimously at the request of the Court of Justice and after consulting the Commission and the European Parliament, amend the provisions of Title III of the Statute."

[1] Treaty Series No. 17 (1979), Cmnd. 7462.

CHAPTER IV

General Provisions

ARTICLE 28

The provisions of this Act shall be without prejudice to the provisions of the instrument of Accession of the Kingdom of Spain and the Portuguese Republic to the European Communities.

ARTICLE 29

In Article 4(2) of the Council Decision 85/257/EEC, Euratom of 7 May 1985[1] on the Communities' system of own resources, the words "the level and scale of funding of which will be fixed pursuant to a decision of the Council acting unanimously" shall be replaced by the words "the level and scale of funding of which shall be fixed pursuant to a decision of the Council acting by a qualified majority after obtaining the agreement of the Member States concerned".

This amendment shall not affect the legal nature of the aforementioned Decision.

TITLE III

TREATY PROVISIONS ON EUROPEAN CO-OPERATION IN THE SPHERE OF FOREIGN POLICY

ARTICLE 30

European Co-operation in the sphere of foreign policy shall be governed by the following provisions:

1. The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy.

2. (a) The High Contracting Parties undertake to inform and consult each other on any foreign policy matters of general interest so as to ensure that their combined influence is exercised as effectively as possible through co-ordination, the convergence of their positions and the implementation of joint action.

(b) Consultations shall take place before the High Contracting Parties decide on their final position.

(c) In adopting its positions and in its national measures each High Contracting Party shall take full account of the positions of the other partners and shall give due consideration to the desirability of adopting and implementing common European positions.

In order to increase their capacity for joint action in the foreign policy field, the High Contracting Parties shall ensure that common principles and objectives are gradually developed and defined.

The determination of common positions shall constitute a point of reference for the policies of the High Contracting Parties.

(d) The High Contracting Parties shall endeavour to avoid any action or position which impairs their effectiveness as a cohesive force in international relations or within international organizations.

3. (a) The Ministers for Foreign Affairs and a member of the Commission shall meet at least four times a year within the framework of European Political Co-operation. They may also discuss foreign policy matters within the framework of Political Co-operation on the occasion of meetings of the Council of the European Communities.

(b) The Commission shall be fully associated with the proceedings of Political Co-operation.

[1] European Communities No. 20 (1985), Cmnd. 9549.

(c) In order to ensure the swift adoption of common positions and the implementation of joint action, the High Contracting Parties shall, as far as possible, refrain from impeding the formation of a consensus and the joint action which this could produce.

4. The High Contracting Parties shall ensure that the European Parliament is closely associated with European Political Co-operation. To that end the Presidency shall regularly inform the European Parliament of the foreign policy issues which are being examined within the framework of Political Co-operation and shall ensure that the views of the European Parliament are duly taken into consideration.

5. The external policies of the European Community and the policies agreed in European Political Co-operation must be consistent.

The Presidency and the Commission, each within its own sphere of competence, shall have special responsibility for ensuring that such consistency is sought and maintained.

6. (a) The High Contracting Parties consider that closer co-operation on questions of European security would contribute in an essential way to the development of a European identity in external policy matters. They are ready to co-ordinate their positions more closely on the political and economic aspects of security.

(b) The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at national level and, where appropriate, within the framework of the competent institutions and bodies.

(c) Nothing in this Title shall impede closer co-operation in the field of security between certain of the High Contracting Parties within the framework of the Western European Union or the Atlantic Alliance.

7. (a) In international institutions and at international conferences which they attend, the High Contracting Parties shall endeavour to adopt common positions on the subjects covered by this Title.

(b) In international institutions and at international conferences in which not all the High Contracting Parties participate, those who do participate shall take full account of positions agreed in European Political Co-operation.

8. The High Contracting Parties shall organize a political dialogue with third countries and regional groupings whenever they deem it necessary.

9. The High Contracting Parties and the Commission, through mutual assistance and information, shall intensify co-operation between their representations accredited to third countries and to international organizations.

10. (a) The Presidency of European Political Co-operation shall be held by the High Contracting Party which holds the Presidency of the Council of the European Communities.

(b) The Presidency shall be responsible for initiating action and co-ordinating and representing the positions of the Member States in relations with third countries in respect of European Political Co-operation activities. It shall also be responsible for the management of Political Co-operation and in particular for drawing up the timetable of meetings and for convening and organizing meetings.

(c) The Political Directors shall meet regularly in the Political Committee in order to give the necessary impetus, maintain the continuity of European Political Co-operation and prepare Ministers' discussions.

(d) The Political Committee or, if necessary, a ministerial meeting shall convene within forty-eight hours at the request of at least three Member States.

(e) The European Correspondents' Group shall be responsible, under the direction of the Political Committee, for monitoring the implementation of European Political Co-operation and for studying general organizational problems.

(f) Working Groups shall meet as directed by the Political Committee.

(g) A Secretariat based in Brussels shall assist the Presidency in preparing and implementing the activities of European Political Co-operation and in administrative matters. It shall carry out its duties under the authority of the Presidency.

11. As regards privileges and immunities, the members of the European Political Co-operation Secretariat shall be treated in the same way as members of the diplomatic missions of the High Contracting Parties based in the same place as the Secretariat.

12. Five years after the entry into force of this Act the High Contracting Parties shall examine whether any revision of Title III is required."

TITLE IV

General and Final Provisions

Article 31

The provisions of the Treaty establishing the European Coal and Steel Community, the Treaty establishing the European Economic Community and the Treaty establishing the European Atomic Energy Community concerning the powers of the Court of Justice of the European Communities and the exercise of those powers shall apply only to the provisions of Title II and to Article 32; they shall apply to those provisions under the same conditions as for the provisions of the said Treaties.

Article 32

Subject to Article 3(1), to Title II and to Article 31, nothing in this Act shall affect the Treaties establishing the European Communities or any subsequent Treaties and Acts modifying or supplementing them.

Article 33

1. This act will be ratified by the High Contracting Parties in accordance with their respective constitutional requirements. The instruments of ratification will be deposited with the Government of the Italian Republic.

2. This Act will enter into force on the first day of the month following that in which the instrument of ratification is deposited of the last Signatory State to fulfil that formality[1].

Article 34

This Act, drawn up in a single original in the Danish, Dutch, English, French, German, Greek, Irish, Italian, Portuguese and Spanish languages, the texts in each of these languages being equally authentic, will be deposited in the archives of the Government of the Italian Republic, which will remit a certified copy to each of the Governments of the other signatory States.

In Witness Whereof the undersigned Plenipotentiaries have signed this Single European Act.

Done at Luxembourg on the seventeenth day of February in the year one thousand, nine hundred and eighty-six and at The Hague on the twenty-eighth day of February in the year one thousand nine hundred and eighty-six.

[Here follow the signatures of the plenipotentiaries listed on pages 1 and 2].

[1] The Act entered into force on 1 July 1987.

RATIFICATIONS

State	*Date of deposit of instrument of ratification*
Belgium	25 Aug. 1986
Denmark	13 June 1986
Germany, Federal Republic of*	29 Dec. 1986
Greece	31 Dec. 1986
Spain	18 Dec. 1986
France	29 Dec. 1986
Ireland, Republic of	24 June 1987†
Italy	30 Dec. 1986†
Luxembourg	17 Dec. 1986
Netherlands	24 Dec. 1986
Portugal	31 Dec. 1986
United Kingdom	19 Nov. 1986

* includes Land Berlin
† declarations

DECLARATIONS

IRELAND

On depositing its instrument of ratification the Government of the Republic of Ireland made the following declaration on Article 13 and on Title III:

The Government of Ireland note that the completion of the internal market will have full regard to the terms of Protocol 30, agreed at the time of accession, which recognises that there are certain special problems of concern to Ireland, and that there is a common Community interest in the attainment of the objectives of Ireland's policy of industrialisation and economic development designed to align the standards of living in Ireland with those of the other European nations and to eliminate underemployment while progressively evening out regional differences in levels of development.

The Government of Ireland note that the provisions of Title III do not affect Ireland's long established policy of military neutrality and that co-ordination of positions on the political and economic aspects of security does not include the military aspects of security or procurement for military purposes and does not affect Ireland's right to act or refrain from acting in any way which might affect Ireland's international status of military neutrality.

ITALY

On signing the Act the Government of the Republic of Italy made the following declaration repeated on depositing its instrument of ratification:

Unofficial translation

Original: Italian

The Italian Government has always considered, and its actions have been motivated by this conviction, that the calling of the Intergovernmental Conference to amend the Treaties of Paris and Rome should be a historic opportunity to revive the process of European integration on the basis of the Community acquis, the Solemn Declaration of Stuttgart on European Union and the conclusions of the Dooge and Adonnino Reports, this being in keeping with the spirit and thinking of the Draft Treaty on European Union approved by the European Parliament.

Italy has set out the following priority objectives for common action: the creation of a large market including a "space without frontiers"; the adoption as a general rule of majority voting in Council decisions and the streamlining of the relative procedures; the strengthening of the institutional framework having regard, in particular, to the granting of a power of co-decision to the European Parliament (as recommended in the above-mentioned Dooge Report); the increase of the Commission's powers of management and execution; the extension of the scope of the Treaty of Rome to cover new fields of action.

The Italian Government will continue to pursue these objectives in the conviction that their attainment will enable the European Community to meet the real needs of its peoples. We shall be strengthened in our determination by the fact that these objectives are shared not only by the European Parliament but also by many Member States and the Commission.

An objective examination of the results of the Intergovernmental Conference points to the fact that the Single European Act constitutes a partial and unsatisfactory response to the requirements for substantial progress in the direction indicated by the European Parliament and in the reports by the Dooge and Adonnino Committees.

In fact, as far as the powers of the European Parliament are concerned, the Act provides for a system of second reading which does not amount to the power of co-decision hoped for by the European Parliament and the Italian Parliament.

With regard to the commitment to achieve the internal market by 31 December 1992, I would point out that this objective is heavily conditioned by a whole series of exceptions and derogations which significantly reduce its scope.

Moreover, the introduction of majority voting in Council decisions has been limited to a few articles of the Treaty with exceptions and the possibility of derogations in extremely important sectors.

Finally, just as the hoped-for significant progress in the field of Economic and Monetary Union has not been achieved, so the Community has failed to extend its powers in highly important sectors of European life such as culture, health, the fight against terrorism, organised crime and drugs.

The Single European Act does not therefore represent the implementation of that organic reform of the European Community for which the Italian Government has worked and which was desired by the Italian Parliament in line with the thinking of the Strasbourg Parliament.

The Italian Government remains of the view that the Intergovernmental Conference held in the wake of the European Council in Milan has neither known how to, nor wished to, exploit the opportunities available to it to accomplish a qualitative leap forward in the Community. It cannot therefore but express its profound dissatisfaction. Thus Italy, on depositing its instrument of ratification of the Single European Act, reaffirms its determination to work not only for the introduction in their entirety of the limited reforms agreed upon but also, and more especially, for their implementation in a forward-thinking manner. In this connection the Italian Government, in line with the requests from the European Parliament to the Governments of Member States, asks the Presidency in office of the Council to proceed without delay to implement the changes in the rules of procedure of the Council so as to make the taking of a vote possible whenever requested by the Commission or by three Member States.

Moreover the Italian Government requests the Governments of Community countries to take the necessary steps so that by 1 January 1988 all the Institutions of the Community can embark on an examination of the implementation and operation of the decisions adopted by the Intergovernmental Conference to ascertain their validity and increase their scope, especially as regards greater participation of the European Parliament in the legislative process, thereby allowing the planned reform of the European Community to continue on its way.

Finally the Italian Government states that it will take every possible action to make its citizens, parties and lobbies aware of the problems of European Union and the appropriate steps to achieve it.

FINAL ACT

The Conference of the Representatives of the Governments of the Member States convened at Luxembourg on 9 September 1985, which carried on its discussions in Luxembourg and Brussels and adopted the following text:

I

Single European Act

II

At the time of signing this text, the Conference adopted the declarations listed hereinafter and annexed to this Final Act:

1. Declaration on the powers of implementation of the Commission
2. Declaration on the Court of Justice
3. Declaration on Article 8A of the EEC Treaty
4. Declaration on Article 100A of the EEC Treaty
5. Declaration on Article 100B of the EEC Treaty
6. General Declaration on Articles 13 to 19 of the Single European Act
7. Declaration on Article 118A(2) of the EEC Treaty
8. Declaration on Article 130D of the EEC Treaty
9. Declaration on Article 130R of the EEC Treaty
10. Declaration by the High Contracting Parties on Title III of the Single European Act
11. Declaration on Article 30(10)(*g*) of the Single European Act

The Conference also notes the declarations listed hereinafter and annexed to this Final Act:

1. Declaration by the Presidency on the time limit within which the Council will give its opinion following a first reading (Article 149(2) of the EEC Treaty)
2. Political Declaration by the Governments of the Member States on the free movement of persons
3. Declaration by the Government of the Hellenic Republic on Article 8A of the EEC Treaty
4. Declaration by the Commission on Article 28 of the EEC Treaty
5. Declaration by the Government of Ireland on Article 57(2) of the EEC Treaty
6. Declaration by the Government of the Portuguese Republic on Articles 59, second paragraph, and 84 of the EEC Treaty
7. Declaration by the Government of the Kingdom of Denmark on Article 100A of the EEC Treaty
8. Declaration by the Presidency and the Commission on the monetary capacity of the Community
9. Declaration by the Government of the Kingdom of Denmark on European Political Co-operation.

DECLARATION ON THE POWERS OF IMPLEMENTATION OF THE COMMISSION

The Conference asks the Community authorities to adopt, before the Act enters into force, the principles and rules on the basis of which the Commission's powers of implementation will define in each case.

In this connection the Conference requests the Council to give the Advisory Committee procedure in particular a predominant place in the interests of speed and efficiency in the decision-making process, for the exercise of the powers of implementation conferred on the Commission within the field of Article 100A of the EEC Treaty.

DECLARATION ON THE COURT OF JUSTICE

The Conference agrees that the provisions of Article 32d(1) of the ECSC Treaty, Article 168A(1) of the EEC Treaty and Article 140A(1) of the EAEC Treaty do not prejudge any conferral of judicial competence likely to be provided for in the context of agreements concluded between the Member States.

DECLARATION ON ARTICLE 8A OF THE EEC TREATY

The Conference wishes by means of the provisions in Article 8A to express its firm political will to take before 1 January 1993 the decisions necessary to complete the internal market defined in those provisions, and more particularly the decisions necessary to implement the Commission's programme described in the White Paper on the Internal Market.

Setting the date of 31 December 1992 does not create an automatic legal effect.

DECLARATION ON ARTICLE 100A OF THE EEC TREATY

In its proposals pursuant to Article 100A(1) the Commission shall give precedence to the use of the instrument of a directive if harmonization involves the amendment of legislative provisions in one or more Member States.

DECLARATION ON ARTICLE 100B OF THE EEC TREATY

The Conference considers that, since Article 8C of the EEC Treaty is of general application, it also applies to the proposals which the Commission is required to make under Article 100B of that Treaty.

GENERAL DECLARATION ON ARTICLES 13 TO 19 OF THE SINGLE EUROPEAN ACT

Nothing in these provisions shall affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

DECLARATION ON ARTICLE 118A(2) OF THE EEC TREATY

The Conference notes that in the discussions on Article 118A(2) of the EEC Treaty it was agreed that the Community does not intend, in laying down minimum requirements for the protection of the safety and health of employees, to discriminate in a manner unjustified by the circumstances against employees in small and medium-sized undertakings.

DECLARATION ON ARTICLE 130D OF THE EEC TREATY

In this context the Conference refers to the conclusions of the European Council in Brussels in March 1984, which read as follows:

> "The financial resources allocated to aid from the Funds, having regard to the IMPs, will be significantly increased in real terms within the limits of financing possibilities."

DECLARATION ON ARTICLE 130R OF THE EEC TREATY

Re paragraph 1, third indent

The Conference confirms that the Community's activities in the sphere of the environment may not interfere with national policies regarding the exploitation of energy resources.

Re paragraph 5, second subparagraph

The Conference considers that the provisions of Article 130R(5), second subparagraph do not affect the principles resulting from the judgment handed down by the Court of Justice in the AETR case.

DECLARATION BY THE HIGH CONTRACTING PARTIES ON TITLE III OF THE SINGLE EUROPEAN ACT

The High Contracting Parties to Title III on European Political Co-operation reaffirm their openness to other European nations which share the same ideals and objectives. They agree in particular to strengthen their links with the member countries of the Council of Europe and with other democratic European countries with which they have friendly relations and close co-operation.

DECLARATION ON ARTICLE 30(10)(*g*) OF THE SINGLE EUROPEAN ACT

The Conference considers that the provisions of Article 30(10)(*g*) do not affect the provisions of the Decision of the Representatives of the Governments of the Member States of 8 April 1965 on the provisional location of certain Institutions and departments of the Communities.

DECLARATION BY THE PRESIDENCY ON THE TIME LIMIT WITHIN WHICH THE COUNCIL WILL GIVE ITS OPINION FOLLOWING A FIRST READING (ARTICLE 149(2) OF THE EEC TREATY)

As regards the declaration by the European Council in Milan, to the effect that the Council must seek ways of improving its decision-making procedures, the Presidency states its intention of completing the work in question as soon as possible.

POLITICAL DECLARATION BY THE GOVERNMENTS OF THE MEMBER STATES ON THE FREE MOVEMENTS OF PERSONS

In order to promote the free movement of persons, the Member States shall co-operate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also co-operate in the combating of terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

DECLARATION BY THE GOVERNMENT OF THE HELLENIC REPUBLIC ON ARTICLE 8A OF THE EEC TREATY

Greece considers that the development of Community policies and actions, and the adoption of measures on the basis of Articles 70(1) and 84, must both take place in such a way as not to harm sensitive sectors of Member States' economies.

DECLARATION BY THE COMMISSION ON ARTICLE 28 OF THE EEC TREATY

With regard to its own internal procedures, the Commission will ensure that the changes resulting from the amendment of Article 28 EEC will not lead to delays in responding to urgent requests for the alteration or suspension of Common Customs Tariff duties.

DECLARATION BY THE GOVERNMENT OF IRELAND ON ARTICLE 57(2) OF THE EEC TREATY

Ireland, in confirming its agreement to qualified majority voting under Article 57(2), wishes to recall that the insurance industry in Ireland is a particularly sensitive one and that special arrangements have had to be made by the Government of Ireland for the protection of insurance policy holders and third parties. In relation to harmonization of legislation on insurance, the Government of Ireland would expect to be able to rely on a sympathetic attitude from the Commission and from other Member States of the Community should Ireland later find itself in a situation where the Government of Ireland considers it necessary to have special provision made for the position of the industry in Ireland.

DECLARATION BY THE GOVERNMENT OF THE PORTUGUESE REPUBLIC ON ARTICLES 59, SECOND PARAGRAPH, AND 84 OF THE EEC TREATY

Portugal considers that as the change from unanimous to qualified majority voting in Articles 59, second paragraph, and 84 was not contemplated in the negotiations for the accession of Portugal to the Community and substantially alters the Community "acquis", it must not damage sensitive and vital sectors of the Portuguese economy, and, wherever necessary, appropriate and specific transitional measures should be introduced to forestall the adverse consequences that could ensue for these sectors.

DECLARATION BY THE GOVERNMENT OF THE KINGDOM OF DENMARK ON ARTICLE 100A OF THE EEC TREATY

The Danish Government notes that in cases where a Member State is of the opinion that measures adopted under Article 100A do not safeguard higher requirements concerning the working environment, the protection of the environment or the needs referred to in Article 36, the provisions of Article 100A(4) guarantee that the Member State in question can apply national provisions. Such national provisions are to be taken to fulfil the abovementioned aim and may not entail hidden protectionism.

DECLARATION BY THE PRESIDENCY AND THE COMMISSION ON THE MONETARY CAPACITY OF THE COMMUNITY

The Presidency and the Commission consider that the provisions inserted in the EEC Treaty with reference to the Community's monetary capacity are without prejudice to the possibility of further development within the framework of the existing powers.

DECLARATION BY THE GOVERNMENT OF THE KINGDOM OF DENMARK ON EUROPEAN POLITICAL CO-OPERATION

The Danish Government states that the conclusion of Title III on European Political Co-operation in the sphere of foreign policy does not affect Denmark's participation in Nordic co-operation in the sphere of foreign policy.

Done at Luxembourg on the seventeenth day of February in the year one thousand, nine hundred and eighty-six and at The Hague on the twenty-eighth day of February in the year one thousand, nine hundred and eighty-six.

[Here follow the signatures of the plenipotentiaries listed on pages 1 and 2.]

Printed by Her Majesty's Stationery Office
1341 Dd 0801372 C7 5 88 3170930

HMSO
BOOKS

HMSO publications are available from:

HMSO Publications Centre
(Mail and telephone orders only)
PO Box 276, London SW8 5DT
Telephone orders 01-622 3316
General enquiries 01-211 5656
(queuing system in operation for both numbers)

HMSO Bookshops
49 High Holborn, London, WC1V 6HB 01-211 5656 (Counter service only)
258 Broad Street, Birmingham, B1 2HE 021-643 3740
Southey House, 33 Wine Street, Bristol, BS1 2BQ (0272) 264306
9-21 Princess Street, Manchester, M60 8AS 061-834 7201
80 Chichester Street, Belfast, BT1 4JY (0232) 238451
71 Lothian Road, Edinburgh, EH3 9AZ 031-228 4181

HMSO's Accredited Agents
(see Yellow Pages)

and through good booksellers

ISBN 0 10 103722 8

The Act was previously published as European Communities No. 12 (1986), Cmnd. 9758

EUROPEAN
COMMUNITIES

Treaty Series No. 31 (1988)

Single European Act

between the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand-Duchy of Luxembourg, the Kingdom of the Netherlands, the Portuguese Republic and the United Kingdom of Great Britain and Northern Ireland

and

Final Act

Luxembourg, 17 February 1986
The Hague, 28 February 1986

[The Single European Act entered into force on 1 July 1987]

Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 1988

LONDON
HER MAJESTY'S STATIONERY OFFICE
£3·80 net

Cm 372

TABLE OF CONTENTS*

		Article	*Page*
SINGLE EUROPEAN ACT			
Preamble			1
Title I:	Common Provisions	1–3	2
Title II:	Provisions amending the Treaty establishing the European Communities		3
Chapter I:	Provisions amending the Treaty establishing the European Coal and Steel Community	4–5	3
Chapter II:	Provisions amending the Treaty establishing the European Economic Community		4
Section I:	Institutional Provisions	6–12	4
Section II:	Provisions relating to the Foundations and the Policy of the Community		6
Sub-section I:	Internal Market	13–19	6
Sub-section II:	Monetary Capacity	20	9
Sub-section III:	Social Policy	21–22	9
Sub-section IV:	Economic and Social Cohesion	23	10
Sub-section V:	Research and Technological Development	24	11
Sub-section VI:	Environment	25	13
Chapter III:	Provisions amending the Treaty establishing the European Atomic Energy Community	26–27	14
Chapter IV:	General provisions	28–29	15
Title III:	Treaty Provisions on European Co-operation in the sphere of Foreign Policy	30	15
Title IV:	General and Final Provisions	31–34	17
Testimonium			17
Ratifications and Declarations			18

* The table of contents does not form part of the Single Act but is included for ease of reference.

Page

FINAL ACT

DECLARATIONS OF THE CONFERENCE annexed to the Final Act: 20

1. Declaration on the powers of implementation of the Commission ... 20
2. Declaration on the Court of Justice 21
3. Declaration on Article 8A of the EEC Treaty 21
4. Declaration on Article 100A of the EEC Treaty 21
5. Declaration on Article 100B of the EEC Treaty 21
6. General Declaration on Articles 13 to 19 of the Single European Act ... 21
7. Declaration on Article 118A(2) of the EEC Treaty... 21
8. Declaration on Article 130D of the EEC Treaty 21
9. Declaration on Article 130 R of the EEC Treaty 22
10. Declaration by the High Contracting Parties on Title III of the Single European Act 22
11. Declaration on Article 30(10)(*g*) of the Single European Act 22

OTHER DECLARATIONS annexed to the Final Act:

1. Declaration by the Presidency on the time limit within which the Council will give its opinion following a first reading (Article 149(2) of the EEC Treaty) 22
2. Political Declaration by the Governments of the Member States on the free movement of persons 22
3. Declaration by the Government of the Hellenic Republic on Article 8A of the EEC Treaty 22
4. Declaration by the Commission on Article 28 of the EEC Treaty ... 22
5. Declaration by the Government of Ireland on Article 57(2) of the EEC Treaty 23
6. Declaration by the Government of the Portuguese Republic on Articles 59, second paragraph, and 84 of the EEC Treaty 23
7. Declaration by the Government of the Kingdom of Denmark on Article 100A of the EEC Treaty 23
8. Declaration by the Presidency and the Commission on the monetary capacity of the Community 23
9. Declaration by the Government of the Kingdom of Denmark on European Political Co-operation 23

SINGLE EUROPEAN ACT

His Majesty the King of the Belgians, Her Majesty the Queen of Denmark, The President of the Federal Republic of Germany, The President of the Hellenic Republic, His Majesty the King of Spain, The President of the French Republic, The President of Ireland, The President of the Italian Republic, His Royal Highness the Grand Duke of Luxembourg, Her Majesty the Queen of the Netherlands, The President of the Portuguese Republic, Her Majesty the Queen of the United Kingdom of Great Britain and Northern Ireland,

Moved by the will to continue the work undertaken on the basis of the Treaties establishing the European Communities[1], [2],[3] and to transform relations as a whole among their States into a European Union, in accordance with the Solemn Declaration of Stuttgart of 19 June 1983,

Resolved to implement this European Union on the basis, firstly, of the Communities operating in accordance with their own rules and, secondly, of European Co-operation among the Signatory States in the sphere of foreign policy and to invest this union with the necessary means of action,

Determined to work together to promote democracy on the basis of the fundamental rights recognized in the constitutions and laws of the Member States, in the Convention for the Protection of Human Rights and Fundamental Freedoms[4] and the European Social Charter[5], notably freedom, equality and social justice,

Convinced that the European idea, the results achieved in the fields of economic integration and political co-operation, and the need for new developments correspond to the wishes of the democratic peoples of Europe, for whom the European Parliament, elected by universal suffrage, is an indispensable means of expression,

Aware of the responsibility incumbent upon Europe to aim at speaking ever increasingly with one voice and to act with consistency and solidarity in order more effectively to protect its common interests and independence, in particular to display the principles of democracy and compliance with the law and with human rights to which they are attached, so that together they may make their own contribution to the preservation of international peace and security in accordance with the undertaking entered into by them within the framework of the United Nations Charter,

Determined to improve the economic and social situation by extending common policies and pursuing new objectives, and to ensure a smoother functioning of the Communities by enabling the Institutions to exercise their powers under conditions most in keeping with Community interests,

Whereas at their Conference in Paris from 19 to 21 October 1972 the Heads of State or of Government approved the objective of the progressive realization of Economic and Monetary Union,

Having regard to the Annex to the conclusions of the Presidency of the European Council in Bremen on 6 and 7 July 1978 and the Resolution of the European Council in Brussels on 5 December 1978 on the introduction of the European Monetary System (EMS) and related questions, and noting that in accordance with that Resolution, the Community and the Central Banks of the Member States have taken a number of measures intended to implement monetary co-operation,

Have decided to adopt this Act and to this end have designated as their plenipotentiaries:

His Majesty the King of the Belgians,
Mr. Leo Tindemans,
Minister for External Relations

---

[1] Treaty Series No. 16 (1979), Cmnd. 7461.
[2] Treaty Series No. 15 (1979), Cmnd. 7460.
[3] Treaty Series No. 17 (1979), Cmnd. 7462.
[4] Treaty Series No. 71 (1953), Cmd. 8969.
[5] Treaty Series No. 38 (1965), Cmnd. 2643.

Her Majesty the Queen of Denmark,
Mr. Uffe Ellemann-Jensen,
Minister for Foreign Affairs

The President of the Federal Republic of Germany,
Mr. Hans-Dietrich Genscher,
Federal Minister for Foreign affairs

The President of the Hellenic Republic,
Mr. Karolos Papoulias,
Minister for Foreign Affairs

His Majesty the King of Spain,
Mr. Francisco Fernandez Ordonez,
Minister for Foreign Affairs

The President of the French Republic,
Mr. Roland Dumas,
Minister for External Relations

The President of Ireland,
Mr. Peter Barry, T.D.,
Minister for Foreign Affairs

The President of the Italian Republic,
Mr. Giulio Andreotti,
Minister for Foreign Affairs

His Royal Highness the Grand Duke of Luxembourg,
Mr. Robert Goebbels,
State Secretary at the Ministry for Foreign Affairs

Her Majesty the Queen of the Netherlands
Mr. Hans van den Broek,
Minister for Foreign Affairs

The President of the Portuguese Republic,
Mr. Pedro Pires de Miranda,
Minister for Foreign Affairs

Her Majesty the Queen of the United Kingdom of Great Britain and Northern Ireland,
Mrs. Lynda Chalker,
Minister of State at the Foreign and Commonwealth Office

Who, having exchanged their Full Powers, found in good and due form,

Have agreed as follows:

TITLE I

Common Provisions

ARTICLE 1

The European Communities and European Political Co-operation shall have as their objective to contribute together to making concrete progress towards European unity.

The European Communities shall be founded on the Treaties establishing the European Coal and Steel Community[1], the European Economic Community[2], the European Atomic Energy Community[3] and on the subsequent Treaties and Acts modifying or supplementing them.

Political Co-operation shall be governed by Title III. The provisions of that Title shall confirm and supplement the procedures agreed in the reports of Luxembourg (1970), Copenhagen (1973), London (1981), the Solemn Declaration on European Union (1983) and the practices gradually established among the Member States.

[1] Treaty Series No. 16 (1979), Cmnd. 7461.
[2] Treaty Series No. 15 (1979), Cmnd. 7460.
[3] Treaty Series No. 17 (1979), Cmnd. 7462.

ARTICLE 2

The European Council shall bring together the Heads of State or of Government of the Member States and the President of the Commission of the European Communities. They shall be assisted by the Ministers for Foreign Affairs and by a Member of the Commission.

The European Council shall meet at least twice a year.

ARTICLE 3

1. The institutions of the European Communities, henceforth designated as referred to hereafter, shall exercise their powers and jurisdiction under the conditions and for the purposes provided for by the Treaties establishing the Communities and by the subsequent Treaties and Acts modifying or supplementing them and by the provisions of Title II.

2. The institutions and bodies responsible for European Political Co-operation shall exercise their powers and jurisdiction under the conditions and for the purposes laid down in Title III and in the documents referred to in the third paragraph of Article 1.

TITLE II

Provisions Amending the Treaties Establishing the European Communities

CHAPTER I

Provisions amending the Treaty establishing the European Coal and Steel Community

ARTICLE 4

The ECSC Treaty[1] shall be supplemented by the following provisions:

"ARTICLE 32d

1. At the request of the Court of Justice and after consulting the Commission and the European Parliament, the Council may, acting unanimously, attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice on points of law only and in accordance with the conditions laid down by the Statute, certain classes of action or proceeding brought by natural or legal persons. That court shall not be competent to hear and determine actions brought by Member States or by Community Institutions or questions referred for a preliminary ruling under Article 41.

2. The Council, following the procedure laid down in paragraph 1, shall determine the composition of that court and adopt the necessary adjustments and additional provisions to the Statute of the Court of Justice. Unless the Council decides otherwise, the provisions of this Treaty relating to the Court of Justice, in particular the provisions of the Protocol on the Statute of the Court of Justice, shall apply to that court.

3. The members of that court shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office; they shall be appointed by common accord of the Governments of the Member States for a term of six years. The membership shall be partially renewed every three years. Retiring members shall be eligible for reappointment.

4. That court shall establish its rules of procedure in agreement with the Court of Justice. Those rules shall require the unanimous approval of the Council."

ARTICLE 5

Article 45 of the ECSC Treaty shall be supplemented by the following paragraph:

"The Council may, acting unanimously at the request of the Court of Justice and after consulting the Commission and the European Parliament, amend the provisions of Title III of the Statute."

[1] Treaty Series No. 16 (1979), Cmnd. 7461.

170930 C*

CHAPTER II

Provisions amending the Treaty establishing the European Economic Community

SECTION I

Institutional Provisions

ARTICLE 6

1. A Co-operation procedure shall be introduced which shall apply to acts based on Articles 7, 49, 54(2), 56(2), second sentence, 57 with the exception of the second sentence of paragraph 2 thereof, 100A, 100B, 118A, 130E and 130Q(2) of the EEC Treaty[1].

2. In Article 7, second paragraph of the EEC Treaty the terms " after consulting the Assembly " shall be replaced by " in co-operation with the European Parliament ".

3. In Article 49 of the EEC Treaty the terms " the Council shall, acting on a proposal from the Commission and after consulting the Economic and Social Committee ", shall be replaced by " the Council shall, acting by a qualified majority on a proposal from the Commission, in co-operation with the European Parliament and after consulting the Economic and Social Committee ".

4. In Article 54(2) of the EEC Treaty the terms " the Council shall, on a proposal from the Commission and after consulting the Economic and Social Committee and the Assembly ", shall be replaced by " the Council shall, acting on a proposal from the Commission, in co-operation with the European Parliament and after consulting the Economic and Social Committee ".

5. In Article 56(2) of the EEC Treaty the second sentence shall be replaced by the following:

" After the end of the second stage, however, the Council shall, acting by a qualified majority on a proposal from the Commission and in co-operation with the European Parliament, issue directives for the co-ordination of such provisions as, in each Member State, are a matter for regulation or administrative action."

6. In Article 57(1) of the EEC Treaty the terms " and after consulting the Assembly " shall be replaced by " and in co-operation with the European Parliament ".

7. In Article 57(2) of the EEC Treaty the third sentence shall be replaced by the following:

" In other cases the Council shall act by a qualified majority, in co-operation with the European Parliament."

ARTICLE 7

Article 149 of the EEC Treaty shall be replaced by the following provisions:

"ARTICLE 149

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.

2. Where, in pursuance of this Treaty, the Council acts in co-operation with the European Parliament, the following procedure shall apply:

(a) The Council, acting by a qualified majority under the conditions of paragraph 1, on a proposal from the Commission and after obtaining the Opinion of the European Parliament, shall adopt a common position.

(b) The Council's common position shall be communicated to the European Parliament. The Council and the Commission shall inform the European Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

[1] Treaty Series No. 15 (1979), Cmnd. 7460.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

(c) The European Parliament may within the period of three months referred to in point (b), by an absolute majority of its component members, propose amendments to the Council's common position. The European Parliament may also, by the same majority, reject the Council's common position. The result of the proceedings shall be transmitted to the Council and the Commission.

If the European Parliament has rejected the Council's common position, unanimity shall be required for the Council to act on a second reading.

(d) The Commission shall, within a period of one month, re-examine the proposal on the basis of which the Council adopted its common position, by taking into account the amendments proposed by the European Parliament.

The Commission shall forward to the Council, at the same time as its re-examined proposal, the amendments of the European Parliament which it has not accepted, and shall express its opinion on them. The Council may adopt these amendments unanimously.

(e) The Council, acting by a qualified majority, shall adopt the proposal as re-examined by the Commission.

Unanimity shall be required for the Council to amend the proposal as re-examined by the Commission.

(f) In the cases referred to in points (c), (d) and (e), the Council shall be required to act within a period of three months. If no decision is taken within this period, the Commission proposal shall be deemed not to have been adopted.

(g) The periods referred to in points (b) and (f) may be extended by a maximum of one month by common accord between the Council and the European Parliament.

3. As long as the Council has not acted, the Commission may alter its proposal at any time during the procedures mentioned in paragraphs 1 and 2."

ARTICLE 8

The first paragraph of Article 237 of the EEC Treaty shall be replaced by the following provision:

"Any European State may apply to become a member of the Community. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament which shall act by an absolute majority of its component members."

ARTICLE 9

The second paragraph of Article 238 of the EEC Treaty shall be replaced by the following provision:

" These agreements shall be concluded by the Council, acting unanimously and after receiving the assent of the European Parliament which shall act by an absolute majority of its component members."

ARTICLE 10

Article 145 of the EEC Treaty shall be supplemented by the following provision:

"—confer on the Commission, in the acts which the Council adopts, powers for the implementation of the rules which the Council lays down. The Council may impose certain requirements in respect of the exercise of these powers. The Council may also reserve the right, in specific cases, to exercise directly implementing powers itself. The procedures referred to above must be consonant with principles and rules to be laid down in advance by the Council, acting unanimously on a proposal from the Commission and after obtaining the opinion of the European Parliament."

170930 C•2

ARTICLE 11

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 168A

1. At the request of the Court of Justice and after consulting the Commission and the European Parliament, the Council may, acting unanimously, attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice on points of law only and in accordance with the conditions laid down by the Statute, certain classes of action or proceeding brought by natural or legal persons. That court shall not be competent to hear and determine actions brought by Member States or by Community Institutions or questions referred for a preliminary ruling under Article 177.

2. The Council, following the procedure laid down in paragraph 1, shall determine the composition of that court and adopt the necessary adjustments and additional provisions to the Statute of the Court of Justice. Unless the Council decides otherwise, the provisions of this Treaty relating to the Court of Justice, in particular the provisions of the Protocol on the Statute of the Court of Justice, shall apply to that court.

3. The members of that court shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office; they shall be appointed by common accord of the Governments of the Member States for a term of six years. The membership shall be partially renewed every three years. Retiring members shall be eligible for reappointment.

4. That court shall establish its rules of procedure in agreement with the Court of Justice. Those rules shall require the unanimous approval of the Council."

ARTICLE 12

A second paragraph worded as follows shall be inserted in Article 188 of the EEC Treaty:

"The Council may, acting unanimously at the request of the Court of Justice and after consulting the Commission and the European Parliament, amend the Provisions of Title III of the Statute."

SECTION II

Provisions Relating to the Foundations and the Policy of the Community

Sub-section I—Internal Market

ARTICLE 13

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 8A

The Community shall adopt measures with the aim of progressively establishing the internal market over a period expiring on 31 December 1992, in accordance with the provisions of this Article and of Articles 8B, 8C, 28, 57(2), 59, 70(1), 84, 99, 100A and 100B and without prejudice to the other provisions of this Treaty.

The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty."

ARTICLE 14

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 8B

The Commission shall report to the Council before 31 December 1988 and again before 31 December 1990 on the progress made towards achieving the internal market within the time limit fixed in Article 8A.

The Council, acting by a qualified majority on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned."

ARTICLE 15

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 8C

When drawing up its proposals with a view to achieving the objectives set out in Article 8A, the Commission shall take into account the extent of the effort that certain economies showing differences in development will have to sustain during the period of establishment of the internal market and it may propose appropriate provisions.

If these provisions take the form of derogations, they must be of a temporary nature and must cause the least possible disturbance to the functioning of the common market."

ARTICLE 16

1. Article 28 of EEC Treaty shall be replaced by the following provisions:

"ARTICLE 28

Any autonomous alteration or suspension of duties in the common customs tariff shall be decided by the Council acting by a qualified majority on a proposal from the Commission."

2. In Article 57(2) of the EEC Treaty, the second sentence shall be replaced by the following:

"Unanimity shall be required for directives the implementation of which involves in at least one Member State amendment of the existing principles laid down by law governing the professions with respect to training and conditions of access for natural persons."

3. In the second paragraph of Article 59 of the EEC Treaty, the term "unanimously" shall be replaced by "by a qualified majority".

4. In Article 70(1) of the EEC Treaty, the last two sentences shall be replaced by the following:

"For this purpose the Council shall issue directives, acting by a qualified majority. It shall endeavour to attain the highest possible degree of liberalization. Unanimity shall be required for measures which constitute a step back as regards the liberalization of capital movements."

5. In Article 84(2) of the EEC Treaty, the term "unanimously" shall be replaced by "by a qualified majority".

6. Article 84 of the EEC Treaty shall be supplemented by the following paragraph:

"The procedural provisions of Article 75(1) and (3) shall apply."

ARTICLE 17

Article 99 of the EEC Treaty shall be replaced by the following provisions:

"ARTICLE 99

The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions for the harmonization of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonization is necessary to ensure the establishment and the functioning of the internal market within the time-limit laid down in Article 8A."

ARTICLE 18

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 100A

1. By way of derogation from Article 100 and save where otherwise provided in this Treaty, the following provisions shall apply for the achievement of the objectives set out in Article 8A. The Council shall, acting by a qualified majority on a proposal from the Commission in co-operation with the European Parliament and after consulting the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.

2. Paragraph 1 shall not apply to fiscal provisions, to those relating to the free movement of persons nor to those relating to the rights and interests of employed persons.

3. The Commission, in its proposals envisaged in paragraph 1 concerning health, safety, environmental protection and consumer protection, will take as a base a high level of protection.

4. If, after the adoption of a harmonization measure by the Council acting by a qualified majority, a Member State deems it necessary to apply national provisions on grounds of major needs referred to in Article 36, or relating to protection of the environment or the working environment, it shall notify the Commission of these provisions.

The Commission shall confirm the provisions involved after having verified that they are not a means of arbitrary discrimination or a disguised restriction on trade between Member States.

By way of derogation from the procedure laid down in Articles 169 and 170, the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in this Article.

5. The harmonization measures referred to above shall, in appropriate cases, include a safeguard clause authorizing the Member States to take, for one or more of the non-economic reasons referred to in Article 36, provisional measures subject to a Community control procedure."

ARTICLE 19

The EEC Treaty shall be supplemented by the following provisions:

"ARTICLE 100B

1. During 1992, the Commission shall, together with each Member State, draw up an inventory of national laws, regulations and administrative provisions which fall under Article 100A and which have not been harmonized pursuant to that Article.

Euro Council 6/89

24

SPEAKING NOTE

The Aim

- The development of greater monetary cooperation within the Community is an aim we share.

- We have in London a major world financial market. We want to keep it, indeed expand it.

- So we support all practical steps which will make the Community's capital markets, including London, work better. Above all we support greater liberalisation.

- We have developed the Eurobond market. We favour the development of the ECU market - and have in the last year actively encouraged it through the innovation of issuing ECU Treasury Bills.

- We favour the abolition of exchange controls - and blazed the trail ourselves by abolishing all UK exchange controls within weeks of taking office, 10 years ago.

- In short we are fully behind most of the proposals in Stage I of the Delors report - indeed we have ourselves implemented most of them.

The Delors Report

- At Hanover we asked for a report which would propose 'concrete stages leading towards ' Economic and Monetary Union.

- In discussing the 'progressive realisation' of EMU, it is important to think in concrete, practical terms.

- We can all thank President Delors and his Committee for their report. It is a valuable analysis. It rightly recommends a step by step approach. It shows how momentous some of the implications are, particularly in stages 2 and 3.

- We agree that the Community should make progress. I am ready to agree here and now that an early start should be made on the measures they suggest for Stage I.

Stage I

- Indeed I am content that Stage I should start, as they recommend, on 1 July 1990.

- I particularly welcome their call for the establishment during Stage I of a single Community financial area, in which 'all monetary and financial instruments circulate freely, and banking, securities and insurance services are offered uniformly'.

- And, of course, their call for the completion of the Single Market, together with a 'strengthening of Community competition policy'.

- In some practical respects, I hope that the Community will go <u>further</u> in Stage I than the Committe have recommended. For example, in respect of the ECU, the report makes only the rather modest suggestion that 'all impediments to the private use of the ECU should be removed'. I agree; but I rather hope that in addition more member states will join the UK in actively <u>promoting</u> the private ECU market. And holding ECUs in reserves. And using the ECU as a currency of intervention.

ERM

- You will I know expect me to say something about Britain and the ERM.

- The Delors Report says that it would be important for all member states to join the ERM during Stage I. Let me just remind you for a moment of the reasons why we have not joined so far.

- Britain has from the start participated in the EMS. But there is no doubt that if sterling had been within its Exchange Rate Mechanism at the time of the second oil shock, or indeed throughout the period when the pound was in effect a petro-currency, moving in the opposite direction to the DM in response to any oil price move, or any development which the markets thought might presage an oil price move, the result would have been damaging, not least for ERM.

- We don't know what the future of oil prices will be, nor what sudden political shocks may touch off another increase.

- Our position is that we have always said we shall join the ERM when the time is right.

- But picking the right time is a practical matter of weighing risks and benefits. We need to get it right, for getting it wrong would harm both Britain and the Community.

- As M. Delors said a few days ago, the precise timing could not for obvious money market reasons be announced in advance. And judging it is, of course, a matter for the British Government alone.

- I REAFFIRM TODAY THE UNITED KINGDOM'S INTENTION TO JOIN THE ERM. AMD I AM SURE YOU WOULD ALL AGREE THAT THIS MUST BE DONE IN CONDITIONS WHICH STRENGTHEN THE ERM ITSELF AND PROVIDE ASSURANCE THAT AN ENLARGED ERM COULD BE SUSTAINED.

- WHAT ARE THESE CONDITIONS?

- THEY ARE IN FACT SPECIFIED IN STAGE I OF THE DELORS REPORT. THAT PROVIDES FOR:

  - COMPLETION OF THE INTERNAL MARKET
  - ABOLITION OF ALL FOREIGN EXCHANGE CONTROLS AND FULL IMPLEMENTATION OF A FREE MARKET IN FINANCIAL SERVICES
  - AND A STRENGTHENING OF THE COMMUNITY'S COMPETITION POLICY

- IN THOSE CIRCUMSTANCES - AND PROVIDED INFLATION IN BRITAIN HAS INDEED BEEN BROUGHT DOWN SIGNIFICANTLY AS WE INTEND - THE CONDITIONS WOULD CLEARLY EXIST FOR STERLING TO JOIN THE ERM.

- I HOPE THIS POSITIVE STATEMENT WILL BE WELCOME TO YOU.

LATER STAGES

- LET ME NOW TURN TO THE LATER STAGES OF EMU ENVISAGED IN THE DELORS REPORT. I HAVE SERIOUS DIFFICULTY WITH SOME ASPECTS OF IT.

- THE REPORT SPELLS OUT THE FUNDAMENTAL NATURE OF ECONOMIC AND MONETARY UNION, AND THE TRANSFERS OF NATIONAL SOVEREIGNTY WHICH WOULD BE INVOLVED. THE REPORT SETS OUT THESE IMPLICATIONS. THEY WOULD INVOLVE AN ENORMOUS SHIFT IN THE CONTROL OF ECONOMIC AND FISCAL POLICY. INDEED AS THEY ARE NOW, THEY WOULD NOT COMMAND THE SUPPORT OF THE BRITISH PARLIAMENT. I WOULD BE SURPRISED IF SOME OTHERS WERE NOT IN FACT IN A SIMILAR POSITION.

- I ALSO HAVE GREAT DIFFICULTY WITH THE REPORT'S TREATMENT OF FISCAL POLICY. IT ASSERTS THAT BINDING RULES FOR THE BUDGETARY POLICIES OF THE VARIOUS MEMBER STATES WOULD BE ESSENTIAL TO SUPPORTING MONETARY UNION. I FIND THAT VERY QUESTIONABLE: EVEN IN FEDERATIONS, CONTROLS OVER THE BUDGETS OF COMPONENT STATES ARE THE EXCEPTION RATHER THAN THE RULE.

- I QUESTION TOO THE REPORT'S ASSERTION OF THE NEED FOR MASSIVE SUBSIDIES TO PERIPHERAL REGIONS. I SHOULD HAVE THOUGHT THAT A BETTER ANSWER WOULD BE TO ENCOURAGE GREATER FREEDOM FOR MARKET FORCES SO AS TO GET RID OF DIFFERENCES IN COMPETITIVENESS.

- I ALSO QUESTION THE ACCEPTABILITY TO COMMUNITY PUBLIC OPINION OF ARRANGEMENTS AS LACKING IN DEMOCRATIC ACCOUNTABILITY AS THE REPORT DESCRIBES. THE SUGGESTED EUROPEAN SYSTEM OF CENTRAL BANKS WOULD BE LESS ACCOUNTABLE THAN THE MOST INDEPENDENT OF OUR PRESENT CENTRAL BANKS - THE BUNDESBANK.

- I RAISE THESE QUESTIONS NOW NOT BECAUSE I SEEK ANSWERS NOW BUT RATHER AS ILLUSTRATIONS OF THE KIND OF ISSUES WHICH WILL HAVE TO BE ADDRESSED IN DUE COURSE IN THE FURTHER WORK ON STAGES II AND III WHICH OUR FINANCE MINISTERS ENVISAGE.

- IN PARTICULAR WE SHALL NEED TO LOOK AND SEE WHETHER THERE ARE OTHER MODELS OF ECONOMIC AND MONETARY UNION WHICH WARRANT CONSIDERATION. WE SHOULD NOT ASSUME THAT STAGES II AND III CONTAIN A MONOPOLY OF WISDOM ON THE SUBJECT.

- THE ISSUES IN STAGES II AND III ARE FUNDAMENTAL, BUT I THINK WE ALL RECOGNISE THAT DECISIONS ON THESE MATTERS ARE SIMPLY NOT ON THE CURRENT AGENDA. WE MUST STICK TO THE PRACTICAL AND GO FORWARD INTO WHAT NEEDS TO BE DONE NOW.

CONCLUSIONS

- OUR FINANCE MINISTERS DEFINED PREPARING FOR STAGE I AS THE PRIORITY TASK WHEN THEY CONSIDERED THE REPORT AT THEIR MEETING IN SPAIN LAST MONTH. I AM SURE THAT THEY WERE RIGHT, AND THAT WE SHOULD TODAY ENDORSE THEIR VIEW.

- THEY SUGGESTED THAT THE WORK SHOULD BE DONE 'AS A MATTER OF URGENCY'. I AGREE.

- IN SHORT, I BELIEVE WE SHOULD TODAY DECIDE THAT:

  - THE WORK OF THE DELORS COMMITTEE HAS BEEN VALUABLE;
  - THEIR DESCRIPTION OF POSSIBLE LONG-TERM ARRANGEMENTS REQUIRES MUCH FURTHER, LONGER-TERM, STUDY TAKING IN OTHER ALTERNATIVES AS WELL: BUT
  - THEIR RECOMMENDATIONS FOR EARLY ACTION ARE RIGHT, AND SHOULD BE IMPLEMENTED.

CDP

CONFIDENTIAL

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

EHG(D) 90(18)

20 JUNE 1990

EUROPEAN COUNCIL, DUBLIN
25/26 JUNE 1990

SOUTH AFRICA

OBJECTIVES

To agree a Declaration on South Africa which:

- incorporates a reorientation of EC policy:

- sends a strong signal of support to President de Klerk;

- cannot be interpreted as a defeat for Mandela;

- expands the Positive Measures Programme and makes it available to NGOs outside existing "channels";

- allows some relaxation of restrictive measures;

- and recognises the need for economic underpinning of political change.

after a discussion which avoids polarisation of support as between de Klerk and Mandela.

G16ABA/1

POINTS TO MAKE IN OPENING STATEMENT:

For years our goal has been to persuade the South African Government to engage in dialogue on a new constitution to replace apartheid. In 1986, after the aborting of the efforts of the Commonwealth's Eminent Persons' Group, there seemed little hope of being able to make any progress. We did two things then: we sent a signal of support to the black community through our Positive Measures Programme, and we sent signals of disapproval through the imposition of new restrictive measures. We said then that we wanted dialogue and this meant the unbanning of the ANC and other political parties, the release of Nelson Mandela and other political prisoners, and the lifting of the State of Emergency.

De Klerk has moved faster and further than anyone could have expected. Indeed, even since our meeting at Strasbourg, the pace of reform has been dramatic. He has done all we asked him to do. He has opened the way to dialogue and indeed has led direct talks with the ANC. He has already begun to remove the pillars of apartheid - the Separate Amenities Act was repealed on 19 June. He is committed to remove the Group Areas Act and the Land Acts next year. So far de Klerk has lived up to his commitments.

De Klerk has embarked on a high risk policy. He has burned his boats. There is trouble brewing. He has problems with his own supporters, as we saw in the result

of the Umlazi by-election. He needs something to show for his efforts. We must all do something which de Klerk can show to his supporters as evidence that his policies bring benefits.

We must continue the process of lifting restrictive measures. If someone does what you ask of him, one should recognise that fact. He has done what we asked in 1986: we should therefore lift the measures then imposed. If we do not, if we move the goalposts yet again, if we treat him as if he were P W Botha, we shall not only be acting dishonestly, but we shall undermine his efforts to sweep away apartheid. It would be unforgivable if de Klerk faltered or was swept away for lack of tangible encouragement from us.

Mandela too has his problems with his constituency. He too needs tangible support. That we give through our Positive Measures Programme. He has appealed to most of us not to lift sanctions. Equally, most of us have begun the process in one form or another. We should not listen only to his views, any more than we should listen only to de Klerk. We should do what we think will help matters forward. We can best help Mandela by helping de Klerk to maintain the momentum of change. We should also make it clear to Mandela, and indeed to the right-wing extremists, that the language of violence is unacceptable to us. All parties should commit themselves unequivocably to the peaceful process of change through negotiation and stop the rhetoric of armed revolution.

We all know that economic growth in South Africa is essential if both blacks and whites are to benefit from negotiations. The socio-economic imbalances have to be redressed. This means an increase in positive action through our Positive Measures Programmes. It also means that we should begin to remove the economic constraints. In particular, it is absurd to continue to discourage new investment. We have begun to do what is necessary - so have some others. Now it is up to others to consider how they too can give practical support to the process of change.

DETAILED POINTS TO MAKE

Condemn Violence

- The ANC and the SAG made a joint commitment to peaceful solutions at the Cape Town talks (2-4 May). Continued ANC talk of "armed struggle" is damaging and illogical.

Need for Economic Underpinning

- Economic growth is essential if both blacks and whites are to benefit from negotiations. Post apartheid South Africa will need growth and investment to tackle socio-economic problems and to reduce risk of political polarisation. EC should encourage international financial institutions to examine now how they can help (as Commonwealth asked at Kuala Lumpur). But main source will be private investment. This will depend on commercial judgement of South Africa's prospects (Mandela seems not to understand this and expects money to flood in when he gives the word on sanctions).

- Population growing by 1 million per year. This means 330,000 extra children looking for places in school and 250,000 extra people looking for a job. Absurd to hold development back.

Positive Measures

- Need to send political signal to black community. Essential to increase positive measures as political signal as well as to help blacks prepare for their future role. Should concentrate on priorities recommended by Ambassadors. This means greater emphasis on education, training and development.

- New money should also be available directly to worthwhile NGOs in addition to via existing channels. Absurd that NGOs with proven track record of effective work in priority areas (Urban Foundation, Black Sash, Operation Hunger) have virtually no EC funding. Commission presence in South Africa would help overcome such problems and ensure most effective disbursement of programme.

Restrictive Measures

- Should continue progressive relaxation of Community measures as change occurs. Rightly began with cultural and scientific contacts. De Klerk has now met EC criteria as laid down in 1986 (open dialogue, release prisoners, unban parties, lift State of Emergency) and Strasbourg Declaration ("evidence of profound and irreversible change"). We should say so and should act accordingly by beginning to lift 1986 measures.

- Investment ban obviously incompatible with South Africa's long term economic needs. Unlike other 1986

measures not enforced by Community legislation. Voluntary in application. Lifting ban does not mean encouraging investment only stop discouraging.

[Fall backs - in order of preference]

- We could suspend the ban as Italy has suggested.

- We could adopt a formula which suggests collective action be taken first on measures implemented nationally. [This means the investment ban, which was a community decision implemented nationally.]

- If we cannot agree together to take action on sanctions, we could agree that each of us will decide on the appropriate national steps in relation to sanctions to provide encouragement for the South African Government's policies.

DEFENSIVE POINTS

- Should not put ourselves in thrall to Mandela any more than to de Klerk.

- Need to move carefully on relaxing ban on sporting contacts. Emotional symbol. A recent 'rebel' cricket tour demonstrated dangers - it threatened to disrupt reform process.

- Hard to envisage new trigger for relaxing measures. No meetings are planned for 10 July. It is merely the date before which the ANC cannot reply to de Klerk on whether to accept the SAG/ANC Working Group proposals on political prisoners. (The SAG have already accepted).

Should not move goalposts. EC already has clear and public criteria: 1986 measures (releasing prisoners, unbanning political parties, lifting State of Emergency) and Strasbourg ("clear evidence of profound and irreversible change").

EC Code of Conduct

- German proposals (Ig Metall's 14 points) go beyond UK domestic labour legislation. We should stick to present code, but work for better implementation in South Africa.

REFERENCES

A: The Strasbourg Declaration on Southern Africa;

B: EPC Ministerial, 18 June;

C: Statement by EC Foreign Ministers, 15 September 1986;

D: Ambassadors' report on positive measures programme;

E: Commission report on positive measures programme.

BACKGROUND

1. There is widespread recognition among the Twelve of change in South Africa, the need for the Community to adapt its policy accordingly, and the need to send a strong signal of support to President de Klerk. As Mr Haughey told the Prime Minister on 13 June, the Presidency want the Council to issue a positive statement on South Africa. This would up-date the declaration
A issued by the Strasbourg Council, which has now been largely overtaken by events in South Africa.

2. However there is no consensus at present on how EC policy should be adapted and whether the signal to de Klerk should include a relaxation of sanctions. It will not help de Klerk to have a row ending with stalemate about sanctions at Dublin, but we must find a formula which expresses clear support for his efforts. Our best chance of success may lie in going for wording which allows countries discretion to lift measures implemented nationally - which include the investment ban.

We should try for language which emphasizes South Africa's long-term economic needs and the fundamental importance of foreign investment if the underlying socio-economic problems are to be overcome. Set in this context, the investment ban is clearly counter-productive and the inconsistency with positive measures is underlined. We should press for the inclusion in the Dublin Declaration of CHOGM-style language on the need for the international financial institutions to consider now what resources they can make available to South Africa. It is also important to get an explicit call for all sides to cease talk of violence.

3. Most EC Heads of Government were impressed by de Klerk during his European tour (he saw all except those of Denmark, the Netherlands and Luxembourg). He has since written to them all reiterating his determination to end apartheid and enumerating the steps he has taken. The Troika Mission to South Africa in April also served a useful purpose in educating the participants (particularly the Irish) in the realities of the changes President de Klerk has accomplished. But Mandela's repeated demand during his European tour that sanctions should be maintained is also having an effect. One of his arguments is that he too needs support in fending off militants in his constituency. He has already visited Paris, Bonn, Strasbourg, Rome and the Hague, with Dublin and London to follow. At a meeting with Collins in Strasbourg he said that countries in favour of lifting sanctions did not realise the potential

problems they were creating for their nationals in South Africa. He also asked that the ANC be consulted before any decision to lift sanctions. Several countries believe that the problem for the Council is to find a means of helping both de Klerk and Mandela.

4. There has been full discussion of South Africa within
B EPC at official and ministerial level in preparation for Dublin. We have argued that the EC must adopt a comprehensive approach in revising its policy. It must look again at both restrictive and positive measures, sending signals of support to both President de Klerk and Mandela. On restrictive measures we have argued that
C de Klerk has met the demands made by EC Foreign Ministers when imposing measures in 1986 and that those measures should therefore now be lifted, beginning with the investment ban. To those partners, such as France, who have argued that the 1986 criteria are now overtaken by the Strasbourg commitment to reconsider sanctions when there is "clear evidence ... of profound and irreversible change" we have argued that that evidence is now before us. At the EPC Ministerial on 18 June there was much support for a step-by-step approach. But France, the Netherlands, Ireland, Denmark and Luxembourg indicated that they would oppose any decision to lift sanctions at Dublin. Italy and Spain suggested that new clear criteria should be established for triggering the lifting of sanctions, perhaps based on the "10 July meeting". (This is a misunderstanding of the significance of 10 July date. It is simply the date

before which the ANC have told President de Klerk they will be unable to take a decision on whether to accept the joint SAG-ANC Working Group proposals on political prisoners). The Italians had earlier argued in political committee that the investment ban should be "suspended" rather than lifted (in practical terms the distinction seems minimal). The proposal attracted some support from Luxembourg and Belgium, but there was no sign from the EPC Ministerial that it would run.

5. Italy effectively lifted the ban on new investment in October 1988 when a law was passed removing all government controls on overseas investment. In Belgium, the FRG, France, Luxembourg and The Netherlands, the investment ban is voluntary.

Positive Measures

D 6. EC Ambassadors in Cape Town agreed a report in March on the Positive Measures Programme. The report recommended that priority should be given to humanitarian areas (housing, education, health, rural development) and that alternative routes to the four existing channels for the disbursement of the programme should be found
E (because of their pro-ANC/UDF bias). The Commission have now prepared their own report on the Positive Measures Programme, which is in part a response to the Ambassadors' report. The Commission's report is an extremely cautious document and from our point of view is not very helpful. It concludes that there is no need for a change at present in the guidelines for the Positive

Measures Programme, nor in the four channels. It recommends a gradual transition to a more developmental approach in the areas identified by the Ambassadors, a gradual elimination of support for South African newspapers (for which we have been pressing) and help when necessary for the resettlement of returning exiles. In the brief discussion in the EPC Ministerial on 18 June there was support for the Commission's proposals. Several countries attach importance to what they see as the political character of the programme. We have no difficulty with this. The FRG spoke in favour of extending disbursement of the programme beyond the four channels, through a Commission presence on the ground(for which we are also pressing). The Italians share our approach and may take the lead at Dublin. We should present changes to the Positive Measures Programme as political support for the black communities (analogous to the political support the EC should give de Klerk by lifting sanctions) and seek endorsement of the Ambassadors' recommendations.

1. cc to MD
2. cc to PT o.r. (imp documents)
3. pr POCO

104224
MDLIAN 2959

A

N

UNCLASSIFIED
FM UKDEL STRASBOURG
TO PRIORITY FCO
TELNO 91
OF 092100Z DECEMBER 89
AND TO PRIORITY EC POSTS, WASHINGTON, MOSCOW
AND TO PRIORITY UKDEL NATO, UKMIS NEW YORK
AND TO PRIORITY TOKYO, PRETORIA, WINDHOEK
AND TO PRIORITY LUANDA, MAPUTO, LUSAKA
AND TO PRIORITY LILONGWE, HARARE, MBABANE
AND TO PRIORITY MASERU, DAR ES SALAAM, KINSHASA
AND TO PRIORITY KAMPALA, LAGOS, NAIROBI

FROM SIR DAVID HANNAY

EUROPEAN COUNCIL: STRASBOURG: 8-9 DECEMBER

EUROPEAN POLITICAL COOPERATION

FOLLOWING IS TEXT OF DECLARATION BY 12 ON SOUTHERN AFRICA:

BEGINS

DECLARATION BY THE TWELVE ON SOUTHERN AFRICA

SOUTHERN AFRICA HAS, FOR A YEAR, BEEN THE SCENE OF DEVELOPMENTS OF SUCH IMPORTANCE AS CONSISTENTLY TO DEMAND THE ATTENTION OF THE TWELVE.

1. THE MOST OBVIOUS OF THESE CONCERNS NAMIBIA. ALMOST A YEAR AGO THE SIGNATURE OF THE NEW YORK AGREEMENTS OPENED THE WAY FOR IMPLEMENTATION OF RESOLUTION 435 AS THE TWELVE HAVE CONSTANTLY WISHED. UP TO NOW THE TRANSITIONAL PROCESS HAS UNFOLDED IN SATISFACTORY MANNER AND THE TWELVE WISH, ON THIS OCCASION, TO EXPRESS THEIR APPRECIATION OF THE VITAL ROLE PLAYED BY THE SECRETARY GENERAL OF THE UN AND HIS SPECIAL REPRESENTATIVE FOR NAMIBIA. THE FIRST VALID AND FREE ELECTIONS HAVE PERMITTED THE APPOINTMENT OF A CONSTITUENT ASSEMBLY WHICH TRULY REFLECTS THE WISHES OF THE NAMIBIAN PEOPLE. THE FOUNDATIONS OF THE NEW STATE ARE TAKING SHAPE BEFORE OUR EYES.

INDEPENDENT NAMIBIA'S NEEDS WILL BE SIGNIFICANT. THE COMMUNITY AND ITS MEMBER STATES ARE ALREADY PREPARED TO CONTRIBUTE TO MEETING THESE THROUGH APPROPRIATE AID PROGRAMMES. THIS EFFORT

WILL BE IN ADDITION TO THE ASSISTANCE ENVISAGED BY ALL OF THE MEMBER STATES ON A BILATERAL LEVEL. NAMIBIA WILL ALSO BE WELCOMED INTO THE NEW LOME CONVENTION AS SOON AS IT EXPRESSES A WISH TO JOIN IT. THE TROIKA HAS ALREADY MADE KNOWN THIS POSITION TO THE REPRESENTATIVES OF THE ACP STATES AT THEIR RECENT MINISTERIAL MEETING TO DISCUSS SOUTHERN AFRICA.

2. A MEASURE OF PROGRESS HAS ALSO BEEN ACHIEVED IN THE PROCESS OF NATIONAL RECONCILIATION IN ANGOLA AND MOZAMBIQUE. A FAVOURABLE INTERNATIONAL CLIMATE HAS BEEN AVAILED OF WITH COURAGE AND DETERMINATION ON THE PART OF THOSE WITH AUTHORITY IN THESE TWO STATES IN ORDER TO MAKE SIGNIFICANT ADVANCES ON THE ROAD TO PEACE. THE RECENT MISSION OF THE TROIKA OF POLITICAL DIRECTORS TO ANGOLA BROUGHT OUT THE REAL WILL OF THE LEADERS OF THIS COUNTRY TO PUT AN END TO THE CONFLICT WHICH HAS FOR TOO MANY YEARS ENCUMBERED THE ECONOMIC DEVELOPMENT AND WELL-BEING OF ITS PEOPLE. THE COMMUNITY AND ITS MEMBER STATES ARE RESOLVED TO MATCH THESE DEVELOPMENTS BY EFFORTS TO AID THE RECONSTRUCTION AND DEVELOPMENT OF BOTH THESE COUNTRIES.

3. FINALLY, IN SOUTH AFRICA, PRESIDENT DE KLERK'S ACCESSION TO POWER HAS BEEN FOLLOWED BY SEVERAL ACTS OF CLEMENCY AND A DEGREE OF FREEDOM OF EXPRESSION WHICH THE TWELVE HAVE WELCOMED. THESE MEASURES, HOWEVER, ARE STILL INSUFFICIENT WITH RESPECT TO THE IMMENSE TASK POSED BY THE DISMANTLEMENT OF APARTHEID. THE OBJECTIVE OF THE TWELVE REMAINS THE ACHIEVEMENT THROUGH PEACEFUL MEANS OF A DEMOCRATIC AND MULTIRACIAL SYSTEM IN SOUTH AFRICA. IN THIS REGARD THEY SUPPORT ANY PROCESS WHICH CAN LEAD RAPIDLY TO THE CESSATION OF VIOLENCE ON ALL SIDES AND TO A DIALOGUE BETWEEN THE PARTIES. ONLY BROAD-BASED NEGOTIATIONS BRINGING TOGETHER THE TRUE LEADERS OF THE DIFFERENT CONSTITUENT PARTS OF THE SOUTH AFRICAN PEOPLE CAN RESULT IN A LASTING SETTLEMENT. IN THIS RESPECT THE CONFERENCE FOR A DEMOCRATIC FUTURE, WHICH IS BEING HELD IN JOHANNESBURG FROM 9 TO 12 DECEMBER, IS A STEP IN THE RIGHT DIRECTION.

IN THIS CONTEXT THE COMMUNITY AND ITS MEMBER STATES HAVE RECALLED THEIR SUPPORT FOR THE PROGRAMME OF POSITIVE MEASURES INTENDED TO HELP THE VICTIMS OF APARTHEID. WITH A VIEW TO PREPARING FOR THE DEVELOPMENTS WHICH ARE INESCAPABLE IN SOUTH AFRICA, THIS PROGRAMME WILL BE STRENGTHENED OVER THE NEXT TWO YEARS BY GRANTING NEW SCHOLARSHIPS FOR STUDY IN EUROPE AND IN MULTI-RACIAL SOUTH AFRICAN UNIVERSITIES. THE PURPOSE OF THIS ACTION IS TO FACILITATE EXCHANGES BETWEEN THE DIFFERENT COMMUNITIES WHILE ALLOWING THEIR

LEAST PRIVILEGED MEMBERS TO ATTAIN A BETTER LEVEL OF EDUCATION AND THUS TO CONTRIBUTE TO THE TRAINING OF THE SKILLED PERSONNEL OF WHICH A MULTI-RACIAL SOUTH AFRICA WILL HAVE CRUCIAL NEED IN THE MEDIUM TERM.

THE COMMUNITY AND ITS MEMBER STATES HAVE, MOREOVER, DECIDED TO MAINTAIN THE PRESSURE THAT THEY EXERT ON THE SOUTH AFRICAN AUTHORITIES IN ORDER TO PROMOTE THE PROFOUND AND IRREVERSIBLE CHANGES WHICH THEY HAVE REPEATEDLY STOOD FOR AND TO RECONSIDER IT WHEN THERE IS CLEAR EVIDENCE THAT THESE CHANGES HAVE BEEN OBTAINED.

A NEW SOUTH AFRICA, FREE FROM RACIAL DISCRIMINATION, IN WHICH ALL SOUTH AFRICANS CAN LIVE IN PEACE AND HARMONY AND ENJOY EQUAL RIGHTS, IS NOT A UTOPIAN IDEAL. ITS ACHIEVEMENT WILL ALSO BE OF VITAL IMPORTANCE TO THE PEACE, STABILITY, SECURITY AND ECONOMIC DEVELOPMENT OF THE WHOLE REGION AND WILL ALLOW SOUTH AFRICA ONCE MORE TO FIND ITS PROPER PLACE WITHIN THE INTERNATIONAL COMMUNITY.

MCLEAN

YYYY

DISTRIBUTION 249

MAIN 243

.COREU
.MEETINGS OF FOREIGN MINISTERS
.AND THE POLITICAL COMMITTEE
LIMITED
ECD(E)
ECD(I)
FED
MED
NENAD
RMD
UND
LEGAL ADVISERS
WED
SAFD
CAFD
EAD
WAD
EED
DEFENCE
ACDD
FID
SEND
MCAD
SAMD
CSCE UNIT
POD
PS
PS/SIR J FRETWELL
MR J WESTON
MR N BAYNE
MR TOMKYS
MR GILLMORE
MR SLATER
MR KERR
MR GORE-BOOTH
MR RATFORD

04761
MDHIAN 5354

TOP COPY
Q DIST ?

CONFIDENTIAL
FM LUXEMBOURGF
TO IMMEDIATE FCO
TELNO 200
OF 182104Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS, CAPE TOWN, JOHANNESBURG
INFO PRIORITY WASHINGTON, HARARE, LAGOS, MAPUTO, DAR ES SALAAM
INFO PRIORITY LUANDA, MBABANE, GABORONE, MASERU, LUSAKA, MOSCOW
INFO PRIORITY TOKYO, WINDHOEK, LILONGWE, NAIROBI, KINSHASA
INFO ROUTINE UKMIS NEW YORK, UKDEL NATO

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE:
EPC: SOUTH AFRICA

SUMMARY

1. FRANCE, NETHERLANDS, IRELAND, DENMARK AND LUXEMBOURG OPPOSE DECISION TO LIFT ANY SANCTIONS AT DUBLIN EUROPEAN COUNCIL. OTHERS INCLUDING COMMISSION MORE NUANCED IN APPROACH. MUCH SUPPORT FOR PRINCIPLE OF STEP-BY-STEP APPROACH AND MAINTAINING EC COHESION. FRG FIRMLY NEUTRAL. ANALOGY DRAWN WITH POLICY TOWARDS ISAREL AND OCCUPIED TERRITOREIS. UK ARGUES NEED TO ENCOURAGE DE KLERK AS WELL AS MANDELA, AND FOR INVESTMENT BAN TO BE LIFTED OR SUSPENDED. ITALY AND SPAIN CALL FOR CLEAR CRITIERION TO BE ESTABLISHED, PERHAPS BASED ON OUTCOME OF JULY NEGOITIATIONS IN SOUTH AFRICA, WHICH IF SUCCESSFUL WOULD ALLOW PROGRESSIVE AND SELECTIVE CHANGE IN EC POLICY. PRESIDENCY TO PREPARE STATEMENT FOR DUBLIN, TO BE FINALISED NEXT WEEK.

2. MOST MINISTERS ENDORSED COMMISSION PROPOSALS FOR EXTENDING POSITIVE MEASURES PROGRAMME (PMP), UK ARGUED FOR BOLDER APPROACH, COMMISSION APPEAR SYMPATHETIC TO REPRESENTATION IN SOUTH AFRICA.

DETAIL

3. COLLINS (PRESIDENCY) NOTED THAT THE TWELVE HAD AGREED TO REVIEW POLICY TOWARDS SOUTH AFRICA IN THE LIGHT OF DEVELOPMENTS SINCE THE STRASBOURG COUNCIL, THE TROIKA VISIT AND OTHER FACTORS. WHILE NEITHER OF THE CONDITIONS SET AT THE FEBRUARY MINISTERIAL MEETING HAD BEEN FULLY MET, THERE HAD BEEN PROGRESS ON BOTH. THE STATE OF EMERGENCY HAD BEEN LIFTED EXCEPT IN NATAL, AND THE PROCESS

FOR REPEAL OF THE SEPARATE AMENITIES ACT WAS UNDER WAY. THE ANC/SAG WORKING GROUP WOULD MEET AGAIN SHORTLY TO DISCUSS POLITICAL PRISONERS. IT HAD ALSO BEEN AGREED IN PRINCIPLE TO EXTEND THE PMP.

POSITIVE MEASURES

4. MARIN (COMMISSION) INTRODUCED THE COMMISSION PROPOSALS FOR SUCH AN EXTENSION. HE NOTED THAT, FOLLOWING THE REPORT FROM EC AMBASSADORS IN SOUTH AFRICA, A MAJORITY OF MEMBER STATES HAD FAVOURED MAINTAINING THE SAME CRITERIA FOR EXTENDING EC AID. THE COMMISSION WERE READY TO RETAIN THE PRINCIPLE OF CONSENSUS FOR DECISIONS ON THE PROGRAMME, AND TO SEEK SOLUTIONS TO PARTICULAR PROBLEMS WHEN A MAJORITY FAVOURED A CERTAIN COURSE. THE NEW PROPOSALS ENVISAGED EXTENDING CURRENT EC ASSISTANCE TO COVER REFUGEES, AND TO PROVIDE EXTRA AID FOR EDUCATION AND REHOUSING. THE EP WAS LIKELY TO INCREASE THE SUMS AVAILABLE BUT NOT BY MUCH, LEAVING SOME 45 MECU TO BE SPENT NEXT YEAR. THE CURRENT COMMISSION PROPOSALS REPRESENTED A LOGICAL CONTINUATION OF WHAT WAS ALREADY IN PLACE.

5. IN SUBSEQUENT DISCUSSION MOST SPEAKERS ENDORSED THE COMMISSION PROPOSALS WITHOUT MUCH COMMENT. YOU NOTED THE CRUCIAL IMPORTANCE OF THE PROGRAMME, AND THE RECOMMENDATION FROM EC AMBASSADORS THAT ITS THRUST BE SOMEWHAT SHIFTED, TOWARDS DEVELOPMENT PROJECTS. AS NEEDS IN SOUTH AFRICA HAD CHANGED, SO SHOULD THE DIRECTION OF EC ASSISTNCE. YOU HOPED THAT THE COMMISSION WOULD TAKE A BOLDER APPROACH, AND ESTABLISH A PRESENCE ON THE GROUND IN SOUTH AFRICA. VAN DEN BROEK (NETHERLANDS) AGREED ON THE NEED TO EXTEND AID, INCLUDING TO REFUGUEES. AN ENHANCEMENTR OF THE PRESENT PROGRAMME SHOULD PROVIDE A SIGNAL TO ALL SOUTH AFRICANS, INCLUDING THE SAG.

6. MRS ADAM -SCHWAETZER (FRG) WONDERED WHETHER THE PRESENT FOUR CHANNELS FOR AID WERE STILL THE APPROPRIATE METHOD FOR PROVIDING THIS. SHE FAVOURED A COMMISSION PRESENCE ON THE GROUND. EYSKENS (BELGIUM) CALLED FOR THE NEW PROGRAMME TO BE GIVEN A PROPER POLITICAL IMAGE, AND TO BE PRESENTED AT THE DUBLIN EUROPEAN COUNCIL AS A POSITIVE SIGNAL FROM THE COMMUNITY, IN RESPONSE TO DEVELOPMENTS IN SOUTH AFRICA.

7. MRS GEOGHEGAN-QUINN (IRELAND) CALLED FOR THE PRESENT POLITICAL THRUST OF THE PROGRAMME TO BE RETAINED. THE COMMUNTIY SHOULD NOT PROMOTE A DEVELOPMENT PROGRAMME IN SOUTH AFRICA. ELLEMANN-JENSEN (DENMARK) WELCOMED THE COMMISSION IDEAS ON REFUGEES AND EDUCATION.

8. IN RESPONSE, ANDRIESSEN (COMMISSION, WHO SHARES RESPONSIBILITY

FOR SOUTH AFRICA WITH MARIN) SAID THAT HE WOULD TAKE ON BOARD THE PROPOSAL OF A COMMISSION PRESENCE IN SOUTH AFRICA. WHILE HE COULD NOT COMMIT THE COMMISISON TODAY, HE SAW THIS AS A CONSTRUCTIVE IDEA. COLLINS CONCLUDED THAT ALL WERE AGREED ON THE IMPORTANCE OF THE PMP, AND THAT THE COUNCIL HAD TAKEN NOTE OF THE COMMISSION PROPOSALS AND DETAILED COMMENTS FROM MINISTERS.

RESTRICTIVE MEASURES/SANCTIONS

9. IN THE TOUR DE TABLE IN WHICH THEY TOUCHED ON THE PMP, MINISTERS DEVOTED MORE ATTENTION TO RESTRICTIVE MEASURES/SANCTIONS. VAN DEN BROEK ASKED WHAT SIGNAL SHOULD BE GIVEN TO THE SAG AT DUBLIN IN RESPONSE TO RECENT DEVELOPMENTS. THE DIALOGUE BETWEEN MANDELA AND DE KLERK WAS CRUCIAL, AND THE MESSAGE FROM THE FORMER - THAT SANCTIONS SHOULD NOT BE LIFTED AT THIS POINT - VERY CLEAR. HOWEVER, IN THE DUTCH VIEW, EVEN IF THE TIME WAS NOT RIPE TO LIFT SANCTIONS NOW. THE EUROPEAN COUNCIL STATEMENT SHOULD MAKE IT CLEAR THAT THE EC WELCOMED POSITIVE DEVELOPMENTS IN SOUTH AFRICA AND WISHED TO ENCOURAGE THE CONTINUING PROCESS BY WHICH APARTHEID WOULD BE ABOLISHED. MENTION SHOULD BE MADE OF THE RELEASE OF ALL POLITICAL PRISONERS AND THE REMOVAL OF REMAINING LEGISLATION. HE FAVOURED A STEP-BY-STEP APPROACH FOR THE COMMUNITY, AND THE MAINTENANCE OF EC COHESION.

10. DUMAS (FRANCE) WELCOMED THE NEW STEPS TAKEN BY THE SAG BUT ARGUED THAT MUCH REMAINED TO BE DONE. DE KLERK WAS IN A DIFFICULT POSITION AND SHOULD BE ENCOURAGED, BUT THE RIGHT BALANCE NEEDED TO BE STRUCK. THE LIFTING TOO EARLY OF SANCTIONS WOULD CUT OFF CURRENT CONTACTS WITH THE BLACK COMMUNITY AND OPEN THE DOOR TO VIOLENCE. THEY COULD NOT BE LIFTED NOW, BUT A CHANGE COMMUNITY POLICY COULD BE ENVISAGED FOR LATER, AND SITUATION DEVELOPED. EC UNITY WOULD CONTINUE TO BE VITAL.

11. YOU NOTED THAT AT STRASBOURG IT HAD BEEN AGREED TO REVIEW THE POSITION WHEN THERE WAS EVIDENCE OF PROFOUND AND IRREVERSIBLE CHANGES. WAS THIS NOW THE CASE? NO MEMBER STATE ARGUED THAT THE SITUATION HAD REMAINED UNCHANGED SINCE LAST DECEMBER, NOR THAT ALL PRESSURES ON THE SAG SHOULD NOW BE REMOVED. EVERYONE SEEMED TO ENDORSE THE STEP-BY-STEP APPROACH. THE QUESTION NOW WAS WHETHER A FIRST VISIBLE STEP SHOULD BE TAKEN, BEYOND VERBAL ENCOURAGEMENT AND THE MOVES BEING MADE UNILTERALLY ON THE QUIET (AS WAS KNOWN) TO REMOVE NATIONAL SANCTIONS. THE COMMUNITY SHOULD CERTAINLY NOT TAKE SIDES BETWEEN DE KLERK AND MANDELA BUT WAYS HAD TO BE FOUND TO ENCOURAGE BOTH. IN THE CASE OF THE LATTER, THESE INCLUDED THE PMP AND THE RETENTION OF SOME SANCTIONS BUT WHAT COULD BE OFFERD TO DE

KLERK? THERE WERE SIGNS OF THE EROSION OF HIS SUPPORT AMONG THE WHITES. IF THE COMMUNITY WERE TO FIND HIM REPLACED BY A HARD-LINER IN A MONTH'S TIME, WE WOULD BEAR A HEAVY RESPONSIBILITY FOR OUR FAILURE TO HELP HIM. EVEN IF MOVES NOW BY THE COMMUNITY CAUSED SOME DISAGREEMENT WITH MANDELA, WE COULD NOT SIMPLY DO WHAT EITHER HE OR DE KLERK DEMANDED. THEREFORE, WE SHALL MOVE BEYOND MERE VERBAL ENCOURAGEMENT AND TAKE SOME CONCRETE STEP TOWARDS RELAXATION SUCH AS THE REMOVAL - OR SUSPENSION, IF THAT WERE MORE PALATABLE - OF THE BAN ON NEW INVESTMENT, WHICH DIRECTLY CONTRADICTED THE THRUST OF THE PMP.

12. MRS ADAM-SCHWAETZER MERELY NOTED THAT IT WOULD BE UP TO THE EUROPEAN COUNCIL TO TAKE A POLITICAL DECISION ON SANCTIONS. EYSEKSN AGREED THAT BOTH MANDELA AND DE KLERK WERE INDISPENSIBLE TO PROGRESS. BOTH SIDES HAD TO MAINTAIN THEIR SHIFTS AWAY FROM PREVIOUS POSITIONS (THE ESPOUSAL OF VIOLENCE AND NATIONALISATION, IN THE CASE OF THE ANC). THE COMMUNITY SHOULD NOT HAVE TO CHOOSE BETWEEN THEM DE DEUS PINHEIRO (PORTUGAL) AGREED THAT MUCH STILL NEEDED TO BE DONE IN SOUTH AFRICA, BY BOTH SIDES, WHO SHOULD CONTINUE TO BE ENCOURAGED AND PRESSED FOR FURTHER PROGRESS. WE SHALL DISTINGUISH BETWEEN THE SANCTIONS AGREED IN 1985 AND THOSE IN 1986, AND BETWEEN THEIR REMOVAL AND SUSPENSION. THE COMMUNITY COULD NOT REMAIN THE PRISONER OF THE ANC. EC COHESION WOULD VITAL, THE PRESIDENCY SHOULD PRODUCE AN OPTIONS LIST FOR DUBLIN.

13. DE MICHELIS (ITALY) ARGUED THAT IT WOULD BE WRONG TO DRAW THE CONCLUSION AT DUBLIN MERELY THAT THERE WERE DIFFERENT VIEWS ON SOUTH AFRICA. THE PRESIDENCY SHOULD IDENTIFY THOSE AREAS OF CURRENT AGREEMENT. IT WAS TOO SIMPLISTIC TO SAY THAT SANCTIONS SHOULD BE LIFTED WHEN APARTHEID HAD BEEN ABOLISHED. CONSISTENCY WAS NEEDED BETWEEN THIS AREA AND OTHER EC POLICIES, EG TOWARDS ISRAEL AND THE OCCUPIED TERRITORIES. NOR COULD THE COMMUNITY REFUSE TO TAKE RISKS, AS WE WERE PREPARD TO DO WITH GORBACHEV. A STEP-BY-STEP APPROACH TO SANCTIONS WAS THE BEST AVAILABLE, AND THE EC SHOULD NOT BE WHOLLY CONSTRAINED BY ANC DEMANDS. IF THE NEXT STEP IN SAG/ANC NEGOTIATIONS WERE SUCCESSFUL, THEN THE COMMUNITY SHOULD TAKE POSITIVE STEPS TO DEMONSTRATE ITS OWN APPROVAL.

14. MRS GEOGHEGAN-QUINN SAID THAT THE TIME HAD NOT YET COME TO LIFT SANCTIONS. SHE WELCOMED THE STEPS FORWARD, THE PROSPECTS FOR POSITIVE CHANGE, THE APPROACH TAKEN BY DE KLERK, AND MANDELA'S COMMITMENT TO POLITICAL PROCESS. A SIGNAL SHOULD CERTAINLY BE SENT FROM DUBLIN BUT MANDELA'S EXPRESS DESIRE THAT SANCTIONS REMAIN IN PLACE MUST ALSO BE RESPECTED. THE POSITION OF THE BLACK COMMUNITY

DID NOT ADMIT OF THE RELAXATION OF EC MEASURES. ONLY WHEN MORE PROGRESS HAD BEEN MADE, COULD SUCH RELAXATION BE REVIEWED. IT SHOULD THEN TAKE PLACE ON A PROGRESSIVE BASIS.

15. ELLEMANN-JENSEN WELCOMED RECENT CHANGES BUT WAS CONCERNED ABOUT A POSSIBLE REVERSAL. THERE HAD NOT BEEN MUCH CHANGE IN SUBSTANCE. THE COMMUNITY WAS FACED WITH THE DILEMMA OF PROMOTING CHANGE WHILE NOT GIVIONG UP ITS RESTRICTIVE MEASURES. THE TIME TO DO SO HAD CERTAINLY NOT YET COME. HE HOPED THAT THERE WOULD BE A POSITIVE AND WARM STATEMENT FROM DUBLIN ENCOURAGING BOTH SIDES TO CONTINUE THEIR EFFORTS, SO THAT EC/SOUTH AFRICAN RELATIONS COULD BE NORMALISED AS SOON AS POSSIBLE.

16. FERNANDEZ-ORDONEZ (SPAIN) SAID THAT THE COMMUNITY SHOULD CHANGE ITS STANCE AS THE SITUATION IN SOUTH AFRICA CHANGED. THERE WAS AN ANALOGY WITH POLICY TOWARDS ISRAEL. IT WAS CLEAR THAT THERE WAS NO CONSENSUS ON POLICY CHANGE AT PRESENT. BUT IF THE COMMUNITY DID NOTHING, THEN A FAILURE AT DUBLIN WOULD BE A SETBACK FOR DE KLERK. A PRAGMATIC CRITERION FOR A CHANGE IN POLICY SHOULD BE ESTABLISHED, USING THE NEGOTIATIONS STARTING ON 10 JULY AS A BASIS.

17. POOS (LUXEMBOURG) DREW ATTENTION TO THE EP RESOLUTION CALLING FOR SANCTIONS TO BE MAINTAINED. HE SUGGESTED THAT THE DUBLIN CONCLUSION SHOULD NOTE THAT THE CRITERION FOR CHANGING EC POLICY HAD NOT YET BEEN FULFILLED, AND THAT SANCTIONS SHOULD THEREFORE NOT BE ABOLISHED. A STEP-BY-STEP APPROACH SHOULD BE LINKED TO DE KLERK'S OWN PROGRAMME, WITH A DECLARED EC READINESS TO REMOVE SANCTIONS ONCE CHANGES IN SOUTH AFRICA BEGAN TO BE IMPLEMENTED.

18. ANDRIESSEN THOUGHT THAT THE PRESENT EC DILEMMA COULD GET WORSE. IF SANCTIONS WERE REMOVED IMMEDIATELY. THIS COULD JEOPARDISE POSITIVE DEVELOPMENTS IN SOUTH AFRICA. BUT A STEP-BY-STEP APPROACH COULD CERTAINLY HELP. THE COMMUNITY MIGHT ANNOUNCE THAT GIVEN CERTAIN NEW DELVELOPMENTS, IT WOULD RESPOND BY CERTAIN STEPS OF ITS OWN. THE STATEMENT FROM DUBLIN SHOUD CONTAIN SUCG A SIGNAL.

19. COLLINS CONCLUDED THAT THERE WAS NO CONSENSUS TO LIFT SANCTIONS, AND FOLLOWING THE VARIOUS VIEWS EXPRESSED THE COUNCIL WOULD RESUME DEBATE IN DUBLIN. THE PRESIDENCY WOULD DRAFT A STATEMENT WHICH WOULD TAKE ACCOUNT OF THE DAY'S COMMENTS AND WOULD BE CIRCULATED BY COREU LATER IN THE WEEK. THIS WOULD THEN BE FINALISED IN DUBLIN.

CAMPBELL

FOLLOWING IS STATEMENT ON SOUTH AFRICA AGREED BY MINISTERS IN EUROPEAN POLITICAL CO-OPERATION ON 15 SEPTEMBER.

1. THE FOREIGN MINISTERS OF THE TWELVE REVIEWED THEIR POLICY TOWARDS SOUTH AFRICA IN THE LIGHT OF DECISIONS ADOPTED AT THE HAGUE EUROPEAN COUNCIL ON 26/27 JUNE. THEY HEARD A REPORT FROM SIR GEOFFREY HOWE ON THE MISSION TO THE REGION WHICH HE UNDERTOOK AT THE REQUEST OF HEADS OF STATE AND GOVERNMENT.

2. MINISTERS EXPRESSED THEIR GRAVE CONCERN THAT THE SITUATION IN SOUTH AFRICA APPEARED TO HAVE ENTERED A NEW PHASE OF INCREASED TENSION UNDER THE STATE OF EMERGENCY. THEY SHARED THE WIDESPREAD ANXIETY WITHIN THE MEMBER STATES OVER REPORTS OF THE CONDITIONS IN WHICH SOME DETAINEES ARE BEING HELD. THEY ONCE AGAIN CONDEMNED THE PRACTICE OF DETENTION WITHOUT TRIAL. THEY CALLED FOR THE RELEASE OF ALL PEOPLE SO DETAINED UNDER THE STATE OF EMERGENCY, WHICH THEY WISHED TO SEE BROUGHT TO AN END.

3. THE MINISTERS UNDERLINED THE IMPORTANCE THEY ATTACHED TO THE STRENGTHENING AND MORE EFFECTIVE CO-ORDINATION OF THE POSITIVE MEASURES BEING TAKEN TO ASSIST THE VICTIMS OF APARTHEID BOTH BY MEMBER STATES AND BY THE COMMUNITY ITSELF. THEY NOTED THAT THE DRAFT COMMUNITY BUDGET FOR 1987 FORWARDED TO THE EUROPEAN PARLIAMENT BY THE COUNCIL ON 10 SEPTEMBER CONTAINED AN INCREASED PROVISION FOR THE COMMUNITY PROGRAMME, WITH PARTICULAR EMPHASIS ON TRAINING.

4. MINISTERS REAFFIRMED THE URGENT NEED FOR A GENUINE NATIONAL DIALOGUE, ACROSS LINES OF COLOUR, POLITICS AND RELIGION. THEY DEPLORED THE FACT THAT THE SOUTH AFRICAN GOVERNMENT WAS NOT YET PREPARED TO TAKE THE STEPS NECESSARY TO MAKE THIS POSSIBLE. TWO STEPS IN PARTICULAR WERE IDENTIFIED AT THE HAGUE:

- THE UNCONDITIONAL RELEASE OF NELSON MANDELA AND OTHER POLITICAL PRISONERS.
- THE LIFTING OF THE BAN ON THE AFRICAN NATIONAL CONGRESS, THE PAN AFRICANIST CONGRESS OF AZANIA AND OTHER POLITICAL PARTIES.

/ THEY

THEY UNDERTOOK TO WORK TOWARDS A PROGRAMME OF POLITICAL ACTION DESIGNED TO PROMOTE THE ACHIEVEMENT OF THESE OBJECTIVES.

5. IN VIEW OF THE SOUTH AFRICAN GOVERNMENT'S FAILURE TO RESPOND AND AFTER CONSULTATION WITH OTHER INDUSTRIALISED COUNTRIES MINISTERS DECIDED THAT THE TWELVE SHOULD NOW PROCEED TO ADOPT A PACKAGE OF RESTRICTIVE MEASURES ON THE LINES ENVISAGED AT THE HAGUE. THIS CONSISTS OF BANS ON NEW INVESTMENT AND ON THE IMPORT OF IRON, STEEL AND GOLD COINS FROM SOUTH AFRICA. ON IMPLEMENTATION, THEY TOOK AN IMMEDIATE DECISION TO SUSPEND IMPORTS OF IRON AND STEEL IN THE FRAMEWORK OF THE ECSC COUNCIL WITH EFFECT FROM 27 SEPTEMBER. MINISTERS ALSO DECIDED TO BAN THE IMPORT OF GOLD COINS ORIGINATING IN SOUTH AFRICA AND NEW INVESTMENTS IN THAT COUNTRY, WITHOUT PREJUDICE TO THE MEANS OF IMPLEMENTATION OF THESE MEASURES WHICH WILL BE THE SUBJECT OF FURTHER EXAMINATION BY THE COMMITTEE OF PERMANENT REPRESENTATIVES AND THE POLITICAL COMMITTEE.

6. MOST PARTNERS WERE ALSO WILLING TO IMPLEMENT A BAN ON THE IMPORT OF COAL FROM SOUTH AFRICA IF A CONSENSUS ON THIS COULD BE ACHIEVED. ON THIS QUESTION, THE PRESIDENCY WILL CONTINUE TO SEEK CONSENSUS ON THE BASIS OF THE STATEMENT MADE BY THE HAGUE EUROPEAN COUNCIL.

TA COREU ARRIVEE 72722 13/03/90 12H45 · No 6833 ARRIVEE

54.60

(D)

1 2 3 4 5 6 7 9

2(..R..D...) When voted by Copol

COMM

PRESIDENCY UK GR FR SP

MD

FM ROM COREU
TO DUB COREU PRIORITE
INFO ALL COREU PRIORITE

CPE/ROM 153
13/3/1990 10.30 HRS

DIFFUSION RESTREINTE

OBJET:THE PROGRAMME OF POSITIVE MEASURES IN THE NEW SITUATION IN SOUTH AFRICA.

ITALY,AS REPRESENTATIVE OF THE PRESIDENCY IN CAPE TOWN,TRASMITS THE REPORT OF THE EEC AMBASSADORS IN SOUTH AFRICA ON POSITIVE MEASURES.

WITH REFERENCE TO THE REQUEST OF THE PRESIDENCY, HEREWITH FOLLOWS THE TEXT OF THE REPORT ON THE CHANNELLING OF FUNDS UNDER THE POSITIVE MEASURES PROGRAMME IN THE NEW SITUATION EMERGING IN SOUTH AFRICA APPROVED BY THE EEC HEADS OF MISSION IN SOUTH AFRICA IN THEIR MEETING OF THE 8TH OF MARCH 1990:

REPORT FROM EEC AMBASSADORS IN SOUTH AFRICA

SOUTH AFRICA: POLITICAL CHANGE AND THE IMPLICATIONS FOR EUROPEAN COMMUNITY'S PROGRAMME OF POSITIVE MEASURES.

1.- THE POLITICAL COMMITTEE MEETING IN DUBLIN ON 13 FEBRUARY INVITED REPRESENTATIVES OF THE TWELVE IN SOUTH AFRICA TO SUBMIT A REPORT ON THE IMPLICATIONS FOR THE EUROPEAN COMMUNITY'S PROGRAMME OF THE POSITIVE MEASURES FOR THE VICTIMS OF APARTHEID OF THE CHANGES THAT HAVE TAKEN PLACE IN THAT COUNTRY.

2.- SINCE MR. DE KLERK BECAME PRESIDENT, THE FOLLOWING ARE THE CHANGES MADE AND THE COMMITMENTS TAKEN BY THE SOUTH AFRICAN GOVERNMENT:

A) MR. NELSON MANDELA, MR. WALTER SISULU, THE OTHER RIVONIA TRIALISTS AS WELL AS OTHER POLITICAL PRISONERS, HAVE BEEN RELEASED UNCONDITIONALLY,

B) THE ANC, PAC AND SACP HAVE BEEN UNBANNED,

C) 33 INTERNAL POLITICAL ORGANIZATIONS INCLUDING UDF, COSATU AND AZAPO HAVE HAD THE RESTRICTIONS ON THEM LIFTED,

D) POLITICAL ACTIVISTS WHO WERE SUBJECT TO RESTRICTION ORDERS ON THEIR RELEASE FROM DETENTION HAVE HAD THEIR ORDER RESCINDED, AND THE REGULATIONS WHICH PROVIDED FOR SUCH RESTRICTIONS HAVE BEEN ABOLISHED,

E) PUBLIC RALLIES AND DEMONSTRATIONS HAVE BEEN PERMITTED SUBJECT TO AN APPLICATION BEING APPROVED BY A MAGISTRATE,

F) THE RESTRICTIONS ON THE WRITTEN PRESS UNDER THE MEDIA REGULATIONS HAVE BEEN LIFTED,

G) OTHER ASPECTS OF THE STATE OF EMERGENCY HAVE BEEN MODIFIED AND THE GOVERNMENT HAS ANNOUNCED THAT IT WILL LIFT IT IN ITS ENTIRETY IF CONDITIONS OF CALM IN THE COUNTRY WILL PERMIT IT. PRESIDENT DE KLERK

HAS ALSO COMMITTED HIS GOVERNMENT TO A JUSTICIABLE DECLARATION OF HUMAN RIGHTS,

H) THE SEPARATE AMENITIES ACT IS DUE TO BE REPEALED DURING THE PRESENT PARLIAMENTARY SESSION AND ALL BEACHES HAVE ALREADY BEEN DESEGREGATED,

I) THE MILITARY BUDGET HAS UNDERGONE A STRONG REDUCTION AND THE ''SECURITY MANAGEMENT SYSTEM'' HAS BEEN DISMANTLED,

J) THE PERIOD OF CONSCRIPTION HAS BEEN CUT IN HALF TO ONE YEAR AND GREATER PROVISION FOR CONSCIENTIOUS OBJECTORS HAS BEEN MADE,

K) EXECUTIONS OF CONDEMNED PRISONERS HAVE BEEN SUSPENDED WHILE THE DEATH PENALTY IS REVIEWED,

L) NAMIBIA IS BEING BROUGHT TO INTERNATIONALLY RECOGNIZED INDEPENDENCE ON 21 MARCH.

3.- IN TAKING THESE STEPS, MR. DE KLERK HAS SAID HE WANTS TO INITIATE NEGOTIATIONS WITH ALL POLITICAL PARTIES INCLUDING THE ANC ON A NEW CONSTITUTION FOR SOUTH AFRICA. MEANWHILE THE EXISTING CONSTITUTION AND THE APARTHEID LAWS WHICH UNDERPIN IT- THE POPULATION REGISTRATION ACT, THE LAND ACTS AND THE GROUP AREAS ACT - REMAIN IN PLACE. THE ANC HAS SAID THAT NEGOTIATIONS CANNOT BEGIN UNTIL THE STATE OF EMERGENCY HAS BEEN LIFTED IN ITS ENTIRETY AND ALL POLITICAL PRISONERS RELEASED. THE ANC WILL SHORTLY BE HOLDING TALKS WITH THE GOVERNMENT ON THE DEFINITION OF ''POLITICAL PRISONERS'' AND ON ANY OTHER REMAINING OBSTACLES TO NEGOTIATIONS.

THE POSITIVE MEASURES PROGRAMME

4.- THE OPENING UP OF POLITICAL ACTIVITY, THE BEGINNING OF THE PROCESS OF NEGOTIATION ON DISMANTLING APARTHEID AND THE GRADUALLY INCREASING RESPECT FOR HUMAN RIGHTS IN SOUTH AFRICA AFFECT THE ENVIRONMENT FOR THE EC SPECIAL PROGRAMME FOR THE VICTIMS OF APARTHEID.

5.- SINCE ITS INCEPTION IN 1986, THE PROGRAMME HAS MAINLY CONCENTRATED ON MEASURES TO COUNTER THE GOVERNMENT'S ABUSES OF HUMAN RIGHTS AND TO SUPPORT THE VICTIMS OF APARTHEID. THE FUNDS HAD TO BE CHANNELLED THROUGH EUROPEAN NGOS AND IN SOUTH AFRICA THROUGH THE SACC, SACBC, THE TRADE UNIONS AND THE SPECIALLY SET-UP KAGISO TRUST AS THEY WERE AMONG THE FEW GROUPS ABLE TO OPERATE IN THE HUMAN RIGHTS FIELD IN THE MID EIGHTIES. BECAUSE OF THE REPRESSIVE POLITICAL ENVIRONMENT OF 1986 AND THE HUMAN RIGHTS ORIENTATION OF THE ''CHANNELS'', DEVELOPMENTAL ISSUES SUCH AS EDUCATION, HOUSING, PRIMARY HEALTH CARE AND RURAL DEVELOPMENT TOOK A SECONDARY ROLE.

6.- THE PROGRAMME HAS OPERATED IN A DIFFICULT ENVIRONMENT AND HAS ALWAYS BEEN UNDER SCRUTINY FROM BOTH THE SOUTH AFRICAN AUTHORITIES AND THE COMMUNITIES AT WHOM THE PROGRAMME IS TARGETTED. FREQUENT RAIDS BY MEMBERS OF THE SECURITY POLICE ON THEIR OFFICES MADE IT DIFFICULT FOR THE CHANNELS TO OPERATE WITH FULL EFFICIENCY. THERE HAS BEEN CRITICISM FROM OTHER BLACK ORGANIZATIONS THAT THE EC PROGRAMME IS BIASED TOWARDS THE JOHANNESBURG AREA AND ALSO TOWARDS ONE POLITICAL TENDENCY. ALL THE EXISTING ''CHANNELS'' IN SOUTH AFRICA ARE ALIGNED WITH THE ANC/UDF/MDM AND THIS HAS GIVEN RISE TO COMPLAINTS FROM OTHER BLACK POLITICAL GROUPINGS (PAC, AZAPO AND THE BLACK CONSCIOUSNESS MOVEMENT IN GENERAL AND INKATHA). THE NEWSPAPERS FOR EXAMPLE, ESTABLISHED WITH AID FROM THE EC PROGRAMME HAVE GENERALLY ADOPTED AN UNCRITICAL ANC/SA COMMUNIST PARTY LINE ESPECIALLY THE NATAL-BASED ''NEW AFRICAN'' - AND GIVEN MINIMAL COVERAGE TO THE VIEWS OF OTHER BLACK POLITICAL PARTIES AND ORGANIZATIONS. THE EUROPEAN NGOS INVOLVED WITH THE PROGRAMME HAVE MADE A VERY LIMITED CONTRIBUTION. THE COMMISSION HAS MADE EFFORTS TO TACKLE THESE ISSUES, ALTHOUGH PROBLEMS REMAIN OVER THE SELECTION OF INDIVIDUAL PROJECTS, THE MONITORING OF PROJECTS AND THE ROLE (OR LACK OF IT) OF THE EUROPEAN NGOS.

1 2 3 4 5 6 7 9

2(...R...D...)

COMM

PRESIDENCY UK GR FR SP

THE PRIORITIES OF THE PROGRAMME

7.- DETAINEE SUPPORT SHOULD NOW BE A LESSER PRIORITY AS THERE ARE FEWER THAN TWENTY DETAINEES CURRENTLY HELD UNDER THE STATE OF EMERGENCY COMPARED TO OVER 1.000 A YEAR AGO: THE 2.12 MILLION ECU GRANT TO THE INTERNATIONAL DEFENCE AND AID FUND TO SUPPORT DETAINEES SHOULD BE REVIEWED. THERE WILL, HOWEVER, BE A NEED TO HELP WITH THE RETURN OF ANC AND PAC EXILES AND WITH RELEASED PRISONERS. MR. WALTER SISULU, CHAIRMAN OF THE INTERNAL WING OF THE ANC, HAS MADE A SPECIFIC PLEA FOR HELP IN THIS REGARD. THE LIFTING OF THE EMERGENCY MEDIA REGULATIONS MEANS THAT SOUTH AFRICA ONCE AGAIN HAS A FREE PRESS AND A FULL RANGE OF POLITICAL VIEWS IS BEING GIVEN EXPRESSION. THE NATIONAL TELEVISION AND RADIO SERVICES HAVE ALSO BEEN GOING THROUGH A PERIOD OF GLASNOST AND HAVE BEEN BROADCASTING THE VIEWS OF BLACK LEADERS LIKE MR. MANDELA, MR. SISULU AND ARCHBISHOP TUTU. IN THE FUTURE THERE WILL BE LESS OF A CASE FOR THE EUROPEAN COMMUNITY TO FINANCE THE ''ALTERNATIVE PRESS'' WHICH APART FROM THE ''WEEKLY MAIL'' AND ''VRYE WEEKBLAD'', RARELY ACHIEVES THE STANDARDS OF THE MAINSTREAM PRESS. 2.15 MILLION ECU WAS COMMITTED FOR ''ALTERNATIVE'' NEWSPAPERS IN 1989.

8.- AS THE REPRESSION MEASURES ARE GRADUALLY BEING LIFTED IN SOUTH AFRICA, AND THE POLITICAL SITUATION WILL TEND TO NORMALISE, THE DEEP-ROOTED DEVELOPMENT PROBLEMS OF THE COUNTRY WILL BECOME MORE APPARENT AND DEMAND GREATER ATTENTION.

9.- ALONG SIDE BLACK PEOPLE'S NEEDS TO ACHIEVE FULL POLITICAL RIGHTS, THERE ARE VERY IMPORTANT REQUIREMENTS IN THE AREAS OF EDUCATION AND TRAINING, (INCLUDING UNIONS CADRES), HEALTH AND SOCIAL WELFARE, HOUSING AND RURAL DEVELOPMENT. IMPROVEMENTS IN THESE AREAS, WHICH ARE CRUCIAL ''PER SE'', ALSO HAVE THE IMPORTANT ADVANTAGE TO STABILISE THE POLITICAL PROCESS. 750,000 EXTRA YOUNG ADULTS ENTER THE LABOUR MARKET EACH YEAR, THE GREAT MAJORITY WITHOUT SKILLS. THE CITIES ARE GROWING AT A RATE WHICH WILL DOUBLE THEIR POPULATION OVER THE NEXT FIFTEEN YEARS. THE SCHOOLS ARE ALREADY OVERCROWDED WITH A SHORTFALL OF 1.3 MILLION PLACES AND THE SCHOOL-GOING POPULATION IS GROWING AT 300,000 A YEAR. MANY SOUTH AFRICANS, ESPECIALLY IN THE RURAL AREAS, HAVE LITTLE OR NO ACCESS TO PRIMARY HEALTH CARE. AND THE RURAL AREAS HAVE TO SUPPORT MILLIONS OF THE POOREST SOUTH AFRICANS, MANY OF WHOM HAVE BEEN FORCIBLY RESETTLED UNDER APARTHEID BUT WITH NO ACCESS TO DEVELOPMENT ASSISTANCE. AS AND WHEN THE INDEPENDENT HOMELANDS ASK FOR REINTEGRATION IN SOUTH AFRICA THOUGHTS SHOULD BE GIVEN TO EXTENDING THE ABOVE MENTIONED DEVELOPMENT PROGRAMMES TO THE POPULATION OF THESE AREAS,WHICH COUNT AMONG THE WORST HIT VICTIMS OF APARTHEID.

10.- THE COMMISSION HAS BEGUN TO LOOK AT THE POSSIBILITY OF PROGRAMMES TO TACKLE THESE PROBLEMS. A WIDE RANGE OF EDUCATION AND TRAINING PROJECTS ARE SUPPORTED., BUT WITH LITTLE TECHNICAL INPUT FROM EUROPE AND LIMITED COORDINATION BETWEEN THE CHANNELS, THE IMPACT OF THESE PROGRAMMES IS REDUCED. THIS YEAR ABOUT TEN MILLION ECU IS BEING SPENT ON SCHOLARSHIPS AND DIRECT MONITORING OF THE SELECTION AND PERFORMANCE OF EC FUNDED SCHOLARS IS NOW URGENTLY REQUIRED. IN HOUSING, THE GREATEST NEED IS TO ADDRESS THE PROBLEM OF THE URBAN SQUATTER AREAS. THE MOST EFFECTIVE ORGANIZATION CURRENTLY WORKING IN THE HOUSING FIELD IS THE URBAN FOUNDATION. THE ORIENTATION OF THE EXISTING CHANNELS MEANS THAT THERE IS A LACK OF ANY REAL EXPERTISE IN RURAL DEVELOPMENT. A VERY EFFECTIVE RURAL DEVELOPMENT NGO EXISTS IN OPERATION HUNGER WITH A PROVEN TRACK RECORD, NOT JUST IN ORGANISING SUPPLEMENTARY FEEDING PROGRAMMES FOR 1.3 MILLION PEOPLE IN

THE RURAL AREAS BUT ALSO IN PROMOTING SELF-SUFFICIENCY, SELF-HELP SCHEMES AND BROADER RURAL DEVELOPMENT PROJECTS.

11.- OFFICIALS OF DG VIII OF THE COMMISSION HAVE PAID REGULAR VISITS TO SOUTH AFRICA TO MEET THE SACC, [illegible]C AND THE KAGISO TRUST AND TO VISIT A SELECTION OF THEIR PROJECTS. VICE PRESIDENT MARIN MADE A BRIEF VISIT ON 2/3 FEBRUARY 1990. VISITS INEVITABLY DO NOT PROVIDE THE BREADTH OF CONTACTS OR DEPTH OF EXPERIENCE OF THE SITUATION WHICH A COMMISSION OFFICIAL PERMANENTLY BASED IN SOUTH AFRICA WOULD HAVE. THE LACK OF ANY VISIBLE PRESENCE FROM THE COMMISSION HAS AGGRAVATED CRITICISM OF THE PROGRAMME WITHIN THE BLACK COMMUNITY. SOME CRITICISM IS MISPLACED, BUT THERE ARE STILL CONCERNS AMONG COMMITTED OPPONENTS OF APARTHEID ABOUT THE PROGRAMME AND THERE HAS BEEN NO COMMISSION REPRESENTATIVES AVAILABLE TO ANSWER THEM. IN VIEW OF THE NEW POLITICAL CONDITIONS AND THE FACT THAT THE EC PROGRAMME IS ONE OF THE LARGEST FOREIGN AID PROGRAMMES OPERATING IN SOUTH AFRICA, A COMMISSION PRESENCE SHOULD BE URGENTLY CONSIDERED TO PROVIDE A DIRECT CHANNEL OF COMMUNICATION BETWEEN GRASS ROOTS PROJECTS AND THE COMMISSION AND TO COORDINATE WITH OTHER DONORS ON THE GROUND. SUCH A PRESENCE NEED NOT BE A FULL SCALE MISSION. SOUTH AFRICAN GOVERNMENT APPROVAL WOULD BE REQUIRED BUT WOULD BE LIKELY TO BE AGREED. A REPRESENTATIVE OF THE COMMISSION COULD BE ATTACHED TO THE EMBASSY OF THE PRESIDENCY.

12.- VERY RECENTLY IN A MEETING OF THE EC'S HEADS OF MISSION WITH THE NEW LEADER OF THE INTERNAL WING OF THE ANC, MR. WALTER SISULU, HE STRESSED THE NECESSITY FOR DEVELOPING PROGRAMMES IN SOUTH AFRICA AND STRONGLY RECOMMENDED GENEROUS INTERVENTION FROM THE COUNTRIES OF THE EUROPEAN COMMUNITY UNDERLINING IN PARTICULAR THE NEED FOR ADDITIONAL SCHOOLS AND LOW-COST HOUSING.

RECOMMENDATIONS

13.- THE REPRESENTATIVES OF THE TWELVE, IN THE LIGHT OF THE EXPERIENCE OF THE PROGRAMME TO DATE AND THE CHANGED CIRCUMSTANCES IN SOUTH AFRICA, RECOMMEND THAT:

A) THE EC PROGRAMME BE RE-ORIENTED TO THE LONG-TERM DEVELOPMENTAL NEEDS OF SOUTH AFRICANS DISADVANTAGED BY APARTHEID, IN PARTICULAR BY CONCENTRATING SUPPORT ON:

- EDUCATION AND TRAINING (INCLUDING TRADE UNIONS)
- BUILDING OF SCHOOLS
- LOW-COST HOUSING AND URBANISATION
- BASIC HEALTH CARE
- RURAL DEVELOPMENT

B) IN SELECTING PROJECTS, GREATER WEIGHT SHOULD BE ATTACHED TO THE EXPERTISE AND EFFICIENCY OF THE ORGANISATIONS INVOLVED IN DEVELOPMENT AND THEIR TRACK RECORD TO DATE,

C) GREATER FLEXIBILITY SHOULD BE INTRODUCED INTO THE WAYS OF FUNDING PROJECTS IN SOUTH AFRICA. THE COMMISSION SHOULD INVESTIGATE THE POSSIBILITY OF SETTING UP AN OFFICE IN SOUTH AFRICA TO IDENTIFY PROJECTS AND PROVIDE A COORDINATION POINT,

D) THERE MUST BE MORE EFFECTIVE MONITORING OF PROJECTS, IN PARTICULAR THE SCHOLARSHIP SCHEMES WHICH CONSTITUTE ABOUT ONE-THIRD OF THE ENTIRE PROGRAMME,

E) THE E.E.C. REPRESENTATIVES IN SOUTH AFRICA, THROUGH THE PRESIDENCY, SHOULD BE EMPOWERED TO R[illegible]MMEND NEW PROGRAMMES AND PROJECTS DIRECTLY TO THE COMMISSION.

CPE/ROM
FIN DE TEXTE

[illegible]

COMMISSION OF THE EUROPEAN COMMUNITIES

E

SEC(90) 1142 final

Brussels, 15 June 1990

1. Fax Immediate Ms. Rowland Jones ECD(E), FCO

2. cc Ms. Hilton

3. Return

English version of original faxed yesterday

M Pakenham
15.VI.

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

South Africa: Reorientation of the Community's special programme of positive measures for victims of apartheid

cc Mr Sowers
Cape Town.
19/6

Where?

VERTROLIGT VERTRAULICH EMBARGATIONO CONFIDENTIAL CONFIDENTIEL RISERVATISSIMO VERTROLWELIJK CONFIDENTIAL

19 JUN 1990

Summary of Commission Communication to the Council

Subject: South Africa: Reorientation of the Community's special programme of positive measures for victims of apartheid

1. The Community's policy towards South Africa has developed both at Community level and within the political cooperation framework.

Following the worsening of the internal political situation in South Africa, the Ministers of Foreign Affairs decided in September 1985 to adopt a policy of restrictive and positive measures. These restrictive measures have been reinforced in 1986.

The major arm of the positive measures is the Community's special programme for victims of apartheid, implemented by the Commission since 1986 through budget line B530.

2. Recent events in South Africa, where the process of change which will lead to the abolition of apartheid is generally accepted to have begun, have provoked debate on the future orientation of the Community's special programme.

3. Various initiatives, namely a resolution of the European Parliament in February, the report of Member States' ambassadors on the future of positive measures in March, the visit of the Troika Mission to South African in April, ongoing discussions within political cooperation, the visit of President De Klerk to Europe in May and the forthcoming visit of Nelson Mandela in June, have all built up a momentum for a policy adjustment to take account of the changes in South Africa.

4. The Commission, in preparation for the ministerial meeting on June 18 and the European Council meeting at the end of June, is in a position to make certain proposals on the future orientation of the special programme for victims of apartheid (under which 329 projects have been decided since 1986, for a total of 97,2 MECU). These proposals would maintain the existing relationship which has been established with the Commission's South African partners, while at the same time ensuring the flexibility of response needed to take account of changes in South Africa as they occur. In this context two important points are the need to increase on-the-spot coordination, as a matter of priority and the need to be prepared to respond to the requirements of returning exiles.

5. Finally, the special programme's political intention should be maintained until such time that irreversible change (echoing the words of the Strasbourg European Council declaration on South Africa - December 1989) towards the total abolition of apartheid has been demonstrated.

Communication from the Commission to the Council

Subject: South Africa: Reorientation of the Community's special programme of positive measures for victims of apartheid

I INTRODUCTION

The initiatives introduced by President De Klerk in his speech to parliament in Cape Town on 2 February have set in motion a process of change in South Africa.

Already a Troika mission has visited South Africa (11-14 April) in response to the ministerial decision taken in political cooperation at Dublin on 20 February, with the intention of encouraging the political dialogue between the parties in South Africa and to inform itself on the situation. At this meeting, the Ministers have discussed the future of the restrictive and positive measures.

In the context of a global approach, the Political Committee in Dublin on 13 February instructed Member States ambassadors in Pretoria to prepare a report on the Community's programme of positive measures in the new situation in South Africa. That report was produced on 13 March and has already been discussed, most notably in the meeting of Member States experts held on 5 April.

President De Klerk visited Europe from 9 to 25 May (he met President Delors and Vice-President Andriessen at the Commission on 17 May), to seek support from Europe for the process of change, and particularly the lifting of restrictive measures.

The Community's present position is as set out in its declaration at the European Council meeting in Strasbourg in December 1989, particularly that pressure will be maintained on South Africa until there is fundamental and irreversible change.

The European Parliament's latest resolution on South Africa, of 15.2.88, supports the continuation of pressure while encouraging continued assistance to the victims of apartheid.

Following the recent evolution in South Africa, it is envisaged that this issue will be debated at the ministerial meeting on June 18 and at the Dublin summit at the end of June, by which time Nelson Mandela will have already addressed the European Parliament and met the Commission (13/14 June) and visited European capitals.

2. THE COMMISSION'S IMPLEMENTATION OF THE SPECIAL PROGRAMME OF POSITIVE MEASURES FOR VICTIMS OF APARTHEID

In implementing the Community's special programme under Budget Line B530, the Commission is working within the framework established by European Political Cooperation on 10 September 1985 whereby in particular, assistance should be channelled through non-violent organisations, notably the churches.

In view of the political delicacy of the South African situation in 1985/86, it was decided after extensive discussions and contacts, to implement the special programme through four exclusive channels in South Africa, namely :

- South African Council of Churches
- Southern African Catholic Bishops' Conference
- Kagiso Trust
- Trade unions

In addition, European NGO's play a role in providing expertise to these channels in specific sectors, and are contractors in the first instance for the projects decided by the Commission.

The Commission takes its decisions after consulting a group of Member States experts. Up to now, all decisions have been taken on a consensus basis. The procedure used reflects the high degree of confidentiality necessary in a programme of this nature.

../..

Projects are eligible for financing subject to criteria and guidelines agreed mutually between the Commission, after consultation with Member States experts, and the South African channels (see Annex 1).

The resources of the special programme have increased since 1986 in response to the growing needs and absorption capacity of the SA channels :

1986	10 MECU
1987	20 MECU
1988	25,5 MECU
1989	25 MECU
1990	30 MECU

The Commission is proposing in its Preliminary Draft Budget for 1991 a substantial increase to 42 MECU, which would allow, to a certain extent, the special programme to respond to the reintegration needs of returning exiles.

Up to now, it has been possible to approve 329 project for a total of 97,2 MECU since the programme began in 1986, exhausting virtually all budgetary allocations up to the end of 1989 (78,5 MECU) and committing some 62 % of the 1990 budget allocation of 30 MECU.

In broad terms this expenditure has been used for training and education (45 %), social and humanitarian projects (44 %) and legal assistance (11 %) (see Annex 2).

Even though it has been emphasised that resources provided under the special programme are channelled through non-violent organisations, and aim to contribute to peaceful change, the Commission's South African partners are even now not allowed to operate freely by the South African government. The programme has been subject to frequent intimidation and harassment of projects and personnel in South Africa. Despite the continued protests of the Commission and the Community, Kagiso Trust, for example, is still under threat from the Disclosure of Foreign Funding Act. Nevertheless, the Community's support has allowed its partners to implement the special programme with the minimum of disruption, given the circumstances.

../..

3. PRESENT SITUATION

The Community's future policy as regards the special programme for victims of apartheid has already begun to be discussed, most notably as a result of the report of the Member States' ambassadors produced in mid-March suggesting a more developmental approach, following which there was an exchange of views on 5 April in the group of Member States experts.

The line which appears to be developing is that the special programme should change as the situation in South Africa evolves, and it should concentrate more on purely developmental projects and programmes and less on politically-motivated projects, which, it should be emphasized, support non-violent initiatives for peaceful change leading to the total abolition of apartheid. It should also be prepared to respond to the needs of returning exiles, whose numbers at the moment are estimated at anything between 10.000 and 60.000. (This latter in fact also responds to the wishes of the South African government after the visit of President De Klerk and Foreign Minister Pik Botha to the Commission on 17 May).

4. COMMISSION POSITION

According to the Commission, this approach goes in the right direction, as has been requested by Members States in the past, and indeed reflects developments which are already taking place with our encouragement within the South African channels working in cooperation with the Commission, notably the Kagiso Trust.

However, it should be noted that the Commission's position, broadly reflected by Member States in the experts group, is that there should be no anticipation of the total abolition of apartheid by changing the special programme's political intention too soon. To do so would risk giving the wrong signal to the South African government and could provoke unfavourable reactions from our South African and European NGO partners.

It is important, therefore, to avoid any abrupt change in the orientation of the special programme, but equally important that a flexibility be maintained which will allow an appropriate response to move with the changes which are taking place in South Africa.

5. FUTURE ORIENTATION

The Commission can continue to implement the special programme and maintain the present steady evolution towards a development programme particularly in the fields of training and education, rural development, community development, primary health care etc. This would best provide the flexibility one needs to adapt to future change and avoid the inherent dangers of a sudden change of direction. Obviously, the Commission should continue to consult the South African partners.

The special programme should remain as a political programme implemented through development projects as long as apartheid exists in South Africa.

As the political scene in South Africa opens up as a result of President De Klerk's initiatives of 2 February, and as negotiations proceed, the political aspect of the special programme may become of lesser importance.

The Commission intends to continue to follow developments closely and discuss with its present partners the changes which will prove necessary, encouraging Kagiso Trust and the other partners to move further towards more developmental programmes.

It is also important that the Commission should be in a position to increase at an early date on-the-spot coordination, and thus its capacity to enhance the effectiveness of the Community's intervention.

6. PROPOSED FUTURE ORIENTATION OF THE SPECIAL PROGRAMME

It is proposed, therefore, that in order to provide the flexibility needed to adapt to future change while avoiding the dangers of a sudden change of direction, the Commission continues the implementation of the special programme along the above lines, with the following specific considerations :

- no immediate modification or adaptation of the existing criteria and guidelines
- no overt change from four South African channels, but use our influence to encourage flexibility, more than in the past
- encourage further moves from a project to a programme approach
- encourage further moves from politically-oriented projects to programmes of a more developmental character
- gradually phase out newspaper projects
- modest involvement in housing through self-help micro-project programmes
- increasing involvement in education projects (teacher training, bursaries, etc.)
- an appropriate response to the needs of returnees, especially in reintegration etc.

Finally, it is also important to remember that the Commission, as in the past, will continue to consult the South African partners.

The Commission believes that this new approach will make an important contribution to encouraging change in South Africa, and is confident that in this way it will be in the best position to respond to events in the most effective way.

ANNEX 1

SPECIAL PROGRAMME - CRITERIA AND GUIDELINES

The criteria and guidelines agreed jointly between the Commission (*) and its South African partners which govern the eligibility of projects are as follows :

Positive Guidelines :

- All projects approved and supported should subscribe and promote in some way the concept of non-racialism.
- All projects approved should subscribe and promote the general ideal of uniting people of different cultural, racial and ethnic backgrounds, which implies that projects which create or sustain, wittingly or unwittingly, ethnic, racial or cultural division should not be promoted.
- The projects should encourage democratic practices and should enjoy the support of the communities in which they are based. The projects should wherever possible attempt to obtain the maximum participation of the people in the area and should work in close co-operation with the democratic structures of the people.

Negative Guidelines :

No support to be given to :

- South African government (or government related) programmes neither should such channels be used.
- Programmes which the apartheid regime could legitimately be expected to finance (e.g. health care, social welfare) under its government programmes or within its government responsibilities.
- Programmes or organisations initiated, organised or controlled by homeland governments or by so-called independent states (Transkai, Ciskei, Bophuthatswana, Venda).
- Political organisations.

(*) After consultation with Member States Experts in 1986

Annex 2

TECHNICAL DETAILS

Subject : Implementation of the Community's special programme of assistance to the victims of apartheid

1. In implementing the Community's special programme under Budget Line 9530, (10 MECU was made available under the 1986 budget, 20 MECU in 1987, 25.5 MECU in 1988, 25 MECU in 1989 and 30 MECU in 1990), the Commission is working within the framework established by European Political Cooperation on 10 September 1985 whereby in particular, assistance should be channelled through non-violent organisations, notably the churches.

In discussions with the two main church organisations, in late 1985 and early 1986, it became clear that an equivalent secular organisation should be established to allow wider access to the Community's assistance. Accordingly a legal trust was formed, known as the Kagiso Trust. In addition, in order to further widen the scope of the special programme in South Africa, it was agreed that trade unions should constitute a fourth distinct channel, since the particular needs of trade unionists and their dependents disadvantaged by South Africa's apartheid policies would be better served through the direct involvement of their own unions.

Accordingly, four channels have been established, namely :
- South African Council of Churches (SACC),
- Southern African Catholic Bishops' Conference (SACBC),
- Kagiso Trust,
- Trade Unions.

It is through these 4 channels that the Community's assistance is made known to potential beneficiaries on the ground.

2. Projects proposed by these four channels for support through the Community's special programme are decided on an individual basis by the Commission, after appropriate consultation with Member States experts. No project which would support the activities of political organisations is eligible for Community financing under this programme. Only projects which are of a peaceful, non-violent nature may be supported.

3. The criteria and guidelines agreed jointly between the Commission and its South African partners which govern the eligibility of projects are as follows :

Positive Guidelines :
All projects approved and supported should subscribe and promote in some way the concept of non-racialism.

- All projects approved should subscribe and promote the general ideal of uniting people of different cultural, racial and ethnic backgrounds, which implies that projects which create or sustain, wittingly or unwittingly, ethnic, racial or cultural division should not be promoted.
- The projects should encourage democratic practices and should enjoy the support of the communities in which they are based. The projects should wherever possible attempt to obtain the maximum participation of the people in the area and should work in close co-operation with the democratic structures of the people.

Negative Guidelines :

No support to be given to :

- South African government (or government related) programmes neither should such channels be used.
- Programmes which the apartheid regime could legitimately be expected to finance (e.g. health care, social welfare) under its government programmes or within its government responsibilities.
- Programmes or organisations initiated, organised or controlled by homeland governments or by so-called independent states (Transkei, Ciskei, Bophutatswana, Venda).
- Political organisations.

4. Projects identified by the four channels in accordance with these criteria and guidelines are presented to the Commission for financing by a partner organisation in Europe with experience in South Africa. In the case of the churches and the Kagiso Trust, this is an NGO. In the case of the unions it is a partner union or federation in Europe. These partner organisations play a major role in controlling the implementation of projects and it is through them in the first instance that the Commission receives regular reports on progress. This is supplemented if necessary by occasional meetings between the Commission and representatives of the South African channels.

5. As far as the implementation of the special programme is concerned it has now been possible to approve 329 projects for a total of 97,2 MECU since the programme began in 1986, exhausting virtually all budgetary allocations up to the end of 1989 (78,8 MECU) and committing some 62% of the 1990 budget allocation of 30 MECU.

This figure of 97,2 MECU is broken down as follows : MECU

	Humanitarian/ Social	Training/ Education	Legal Assistance	TOTAL
Churches	22,95 (61%)	11,67 (31%)	3,02 (8%)	37,64 (39%)
Kagiso Trust	17,84 (34%)	30,46 (58%)	4,25 (8%)	52,25 (54%)
Trade Unions	1,92 (26%)	1,66 (23%)	3,76 (51%)	7,34 (7%)
TOTALS	42,41 (44%)	43,79 (45%)	11,03 (11%)	97,23

All these projects are situated in South Africa, except for twenty in Namibia for 4,3 MECU.

Répartition par canaux

La répartition par canaux des projets ainsi que des montants s'est effectuée comme suit (total et en %) :

	nombre de projets		montant(MECU)	
1. SACC	52	(16%)	12,6	(13%)
2. SACBC	34	(10%)	18,4	(19%)
3. Kagiso Trust	194	(59%)	51,1	(53%)
4. Projets commun (1,2,3)	3	(1%)	3,5	(4%)
5. Syndicats	26	(8%)	7,3	(7%)
6. Namibe	20	(6%)	4,3	(4%)
TOTAL :	329	(100%)	97,2	(100%)

Répartition par nature des projets

La répartition des différents projets par nature est dans un certain sens arbitraire, parce que certains projects comportent des éléments de différentes catégories. Néanmoins, l'aperçu ci-dessous devrait représenter dans une large mesure la vraie situation.

	Nature des projets (en %)				
	Humanitaire	Social	Formation Education	Assistance Juridique	TOTAL
1. SACC	30	33	27	10	100
2. SACBC	9	46	36	9	100
3. Kagiso Trust	8	25	59	8	100
4. Projets Commun (1,2,3)	-	84	16	-	100
5. Syndicats	-	26	23	51	100
6. Namibe	-	66	30	4	100
TOTAL :	10	34	45	11	100

Répartition géographique

La répartition des 329 projets approuvés selon les régions en RSA se fait comme suit :

L'ensemble du pays	115
Cape Province	57
Johannesburg	44
Transvaal	23
Natal	29
Pretoria	18
Namibia	20
Other	23
TOTAL :	329

En plus, on peut dire que 83 projets concernent les townships, 99 projets se trouvent dans une zone rurale et 40 projets concernent entièrement ou partiellement les homelands (Kwazulu 12, Transkei 11, Bophutatswana 7, KwaNdebele 4, Ciskei et Venda 3, et Lebowa 2).

END

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

EHG(D)90(16)

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

SOVIET UNION (POLITICAL)

POINTS TO MAKE

Baltics

- Recent developments (Gorbachev's talks with Baltic presidents in Moscow; partial lifting of Soviet blockade) very encouraging. Welcoming them publicly. Need to keep pressing both sides to begin serious negotiations on practical aspects of independence: hope encouraging movement can be followed up.

Soviet Internal Developments

- Biggest problem remains economy. Not likely that further revision of Ryzhkov reform plan will produce necessary radical measures: nor any guarantee that revised programme will have an easier side through the Supreme Soviet and with the republics: prospects gloomy.

- Gorbachev facing immense problems. Splits in party, nationalities friction between Moscow and Republics, and above all economic difficulties. Nonetheless remains in our interest that the process of reform should continue; scope for modest know how to help provide necessary expertise, and encourage mobilisation of Soviet resources.

REFERENCES

A Presidency statement to the press on Lithuania, 18 June.

BACKGROUND

1. This brief covers the political situation in the Soviet Union, on which our analysis is broadly shared by our partners. There is no disagreement over the principle that it is very much in our interests that the process of economic and political reform in the Soviet Union should continue. Differences are surfacing, however, over how the West can best assist the Soviet economy. This subject is covered in separate briefing and analysis.

Prime Minister's visit to Moscow

2. Partners have already been fully briefed on the Prime Minister's visit to the Soviet Union from 7 - 10 June. The Prime Minister may, however, wish to give her personal impressions to colleagues. Key developments in Gorbachev's main problem areas since the Prime Minister's visit are summarised below.

Lithuania

3. Gorbachev met the three Baltic Presidents in Moscow on 12 June, in the margins of the Federation Council (an advisory body comprising the Presidents of the fifteen Republics, under Gorbachev's chairmanship). Reports of the meeting were encouraging, suggesting that Moscow and Lithuania might be willing to compromise on the basis of talks on independence, by temporary suspension of the declaration of independence during the period of talks. The Lithuanian Supreme Soviet has not yet decided whether to accept this (and is now likely to vote on this in the week beginning 25 June) but meanwhile it appears that the Soviet blockade of gas supplies has to a great extent been lifted.

4. At our suggestion, the Presidency made a statement to the press after the 18 June Foreign Affairs Council welcoming the new flexibility being shown, urging talks, and stating readiness to contribute to humanitarian aid if necessary.

Economic Reform

5. The Supreme Soviet debated in mid-June the latest package of economic reform measures and passed two resolutions: the first instructing the Government to do further work on the draft package and come back with a modified plan and timetable for the move to the market by 1 September; the second instructing the Government to prepare new proposals for price rises, to replace those proposed by Ryzhkov, which were rejected. A revised reform package, which should by then have been subject to public consultation, is to be presented to the Supreme Soviet when its next session starts at the beginning of September.

Republics

6. Gorbachev faces the prospect of both increased tension between ethnic groups (the latest problem being the recent violence in Uzbekistan and Armenia) and friction with increasingly assertive republican authorities. So far, there has been no direct clash with the RSFSR Supreme Soviet and in their recent meetings Gorbachev and Yeltsin have made efforts to present themselves as wishing to work together. It is almost inevitable, however, that there will be difficulties. Other republics may also start to throw their weight around: Uzbekistan has apparently declared independence and there are suggestions that Georgia may be about to do so. The proposal - at the 12 June meeting of the Federation Council - to establish new relationships between the Union authorities and the separate Republics is intended to take the pressure off, but it remains to be seen how far it will do so. The Baltic States clearly do not

believe it would be worth their while going through the long process of elaboration of new arrangements. Others may be impatient as well.

cc. Soviet Dep.

047516
MDHIAN 5343

CONFIDENTIAL
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 191
OF 181943Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS, MOSCOW
INFO PRIORITY EUROPEAN COMMUNITY POSTS, WASHINGTON
INFO ROUTINE UKDEL NATO

FRAME EXTERNAL

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE:
EPC: LITHUANIA

SUMMARY

1. LUNCHTIME DISCUSSION PRODUCED STATEMENT BY TWELVE.

DETAIL

2. OVER LUNCH ELLEMANN-JENSEN (DENMARK) SAID THAT THE LITHUANIANS WERE GUARDEDLY OPTIMISTIC ABOUT THEIR FUTURE, ALTHOUGH THEY WERE FEELING THE EFFECT OF SANCTIONS. DENMARK PLANNED TO PROVIDE DOLLARS ONE MILLION IN BILATERAL AID. THEY WERE ALSO READY TO ACCEPT THE PROPOSED OFFICE OF BALTIC REPRESENTATIVES IN COPENHAGEN, AND SUPPORTED THE LATTER'S REQUEST TO MEET EC MINISTERS.

3. ANDRIESSEN (COMMISSION) SAID THAT THE TWELVE SHOULD DISTINGUISH BETWEEN HUMANITARIAN AID AND OTHER FORMS. THERE SHOULD BE NO OBJECTION IN PRINCIPLE TO THE FORMER, BUT, DESPITE REQUESTS FOR GREATER SPECIFICITY, THE LITHUANIANS HAVE NOT YET PROVIDED THE NECESSARY DETAILS.

4. YOU AGREED THAT THE LATEST DEVELOPMENTS WERE ENCOURAGING AND NOTED THAT THE UK HAD WELCOMED THEM PUBLICLY. BOTH SIDES NEEDED TO BE PRESSED TO BEGIN SERIOUS NEGOTIATION ON PRACTICAL ASPECTS OF INDEPENDENCE. HUMANITARIAN AID FOR LITHUANIA MIGHT BE JUSTIFIED, ALWAYS PROVIDED THERE WAS A DEMONSTRABLE NEED. BUT CURRENT EVIDENCE DID NOT SHOW THAT THE SITUATION IN LITHUANIA (EG ON MEDICAL SUPPLIES) WAS SIGNIFICANTLY WORSE THAN IN THE REST OF THE SOVIET UNION. YOU SUGGESTED THAT THE CURRENT DISCUSSION SHOULD BE REFLECTED IN A STATEMENT AFTER THE COUNCIL.

5. ELLEMANN-JENSEN ARGUED THAT YELTSIN WAS FORCING THE PACE AND THIS WAS NO CAUSE FOR OPTIMISM. HE NOTED THAT THE LITHUANIANS HAD SHOWN A READINESS TO MOVE. DUMAS (FRANCE) SUPPORTED THE IDEA OF A STATEMENT. IT NEEDED TO BE PROPERLY BALANCED, AS YOU HAD ARGUED, AND NOT REFER EXCLUSIVELY TO FLEXIBILITY BY THE LITHUANIANS.

6. IT WAS SUBSEQUENTLY AGREED THAT THE PRESIDENCY WOULD SPEAK TO THE PRESS AS FOLLOWS:
THE TWELVE RECALLED THAT THEY HAD CONSTANTLY ADVOCATED A DIALOGUE BETWEEN VILNIUS AND MOSCOW AS A WAY OF RESOLVING THE DIFFERENCES BETWEEN THEM. THEY WELCOME RECENT MEETINGS BETWEEN HIGH-REPRESENTATIVES OF THE USSR AND OF THE BALTIC REPUBLICS. THEY WELCOME THE FLEXIBILITY THAT HAS RECENTLY BEEN SHOWN BY ALL SIDES. THEY URGE THEM ALL TO DEDICATE THEMSELVES TO WORK FOR A POSITIVE RESOLUTION. THEY REITERATE THEIR WILLINGNESS TO CONTRIBUTE TO PROVISION OF ANY HUMANITARIAN AID THAT MIGHT BE NECESSARY IN THE BALTIC REPUBLICS.

CAMPBELL

UKREP DIST: PAKENHAM/GLYNN EXT
YYYY

DISTRIBUTION 232

MAIN 231

.FRAME EXTERNAL ECD (E) [-]

ADDITIONAL 1

FRAME

NNNN

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

EHG(D)90(17)

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

CSCE

OBJECTIVES

- To maintain momentum of Twelve's preparation for CSCE Summit.

- To stress importance of continued close coordination between Twelve and other Western Allies, especially the US.

POINTS TO MAKE

1. CSCE Summit will be excellent opportunity to reinforce spread of Western values throughout Europe. We have made a good start in preparing our objectives. Glad that ideas which I aired in March have found general favour, that the Summit should :

- further the principles of democracy and the rule of law;

/- be linked

- be linked with CFE signature and should explore the way ahead on disarmament in Europe;

- give new impetus to market-oriented economic reform;

- encourage the development of conciliation machinery;

- reaffirm the Helsinki Final Act's commitments on frontiers;

- launch a new system of more intensive political consultation among CSCE participants.

2. We must maintain momentum among Twelve. We must also maintain overall Western coordination, especially with the Americans.

3. Must not overload CSCE with new institutions. Be realistic on Summit's possibilities.

4. Guidelines issued by European Council at end of April remain valid.

EUROPEAN COUNCIL, DUBLIN, 25/26 JUNE 1990

REFERENCE

A: Prime Minister's Königswinter Speech, 29 March (Section on CSCE)
B: Guidelines on CSCE agreed at Informal European Council, Dublin, 28 April 1990
C: Twelve's draft Agenda for the CSCE Summit
D: Twelve's elements for a Concluding Document for the Summit
E: Twelve's Proposals for further institutionalisation of CSCE

BACKGROUND

1. Our partners broadly share the objectives for the CSCE Summit put forward by the Prime Minister in her Königswinter
A speech (29 March). Many of these ideas were referred to in
B the 28 April Guidelines on CSCE agreed among Foreign Ministers at the Informal European Council. Since then there has been a good deal of work at official level among the Twelve in preparation for the Summit; leading to agreement on:

C - a draft agenda for the Summit
D - elements for a concluding document
E - proposals for further institutionalisation of the CSCE

These ideas will be presented when official level preparatory work for the Summit begins à 35 in Vienna on 10 July. No discussion of the detail of preparations for the Summit is expected at the European Council, but there will need to be a reference to the Summit in the conclusions.

OUTAAW/1

2. Further work is needed on the proposals for new CSCE institutions. A number of ideas beyond those in reference E have been put forward within the Twelve, notably by the Germans and to a lesser extent the Italians. Some would involve duplication with existing organisations, for example the idea of an Institution for East-West Economic Cooperation. Others are premature. For the time being we favour going no further than the ideas in reference E.

3. There is a firmly held view within the Twelve that the Community must be to the fore at all stages and in all aspects of preparation for the Summit. We must continue to work hard to minimise the friction that this can cause between the Twelve and non-EC NATO allies, particularly the US. The Dutch are the only other partner ready to make much of an effort over this. Linkage of CFE signature to the CSCE Summit (agreed by the Twelve and the Sixteen) remains an essential.

4. Summit timing. The FRG have entered a formal reservation with the dates proposed by the French for the CSCE Summit (19-21 December). The Germans would like the results of the 2 + 4 to be presented to the CSCE Summit; they would prefer it to be held in late November, ie before all-German elections, now likely to take place in December or early January. The French argue that a later date would be easier for them administratively. We do not want to become involved in a fight between the French and the Germans.

<u>Aid to Soviet Union</u>

5. Discussion under CSCE may lead to debate about aid to the Soviet Union. Briefing and analysis of this is being provided separately.

CSCE UNIT
20 JUNE 1990

OUTAAW/2

EXTRACT FROM THE PRIME MINISTER'S SPEECH TO THE KÖNIGSWINTER CONFERENCE : CAMBRIDGE : 29 MARCH

IF IN TIME THE SOVIET UNION WITHDREW ITS MILITARY PRESENCE COMPLETELY FROM EASTERN EUROPE, THEN WE COULD PROBABLY AFFORD TO REDUCE OUR READY FORCES EVEN FURTHER.
BUT THESE REDUCTIONS MUST BE CARRIED OUT IN A CO-ORDINATED AND DISCIPLINED WAY IN NATO, NOT IN SOME WILD SCRAMBLE.

AS FAR AS THE UNITED KINGDOM IS CONCERNED WE MAY NEED TO ADAPT OUR COMMITMENT UNDER THE BRUSSELS TREATY, SO THAT WE CAN MAKE SOME REDUCTIONS IN THE LEVEL OF BRITISH FORCES IN GERMANY - ALTHOUGH I BELIEVE THE NEEDS OF COLLECTIVE DEFENCE WILL REQUIRE US, LIKE THE UNITED STATES AND FRANCE, TO CONTINUE TO KEEP SIZEABLE FORCES THERE.

WE MAY ALSO NEED TO ADJUST NATO'S STRATEGY IN SOME RESPECTS.
WE SHALL NOT BE AFRAID TO CONSIDER THESE OPTIONS AND DISCUSS THEM OPENLY, ALWAYS PRESERVING THE BASIC STRUCTURE OF NATO.

I CAN FORESEE, TOO, THAT NATO MAY BE ABLE TO REDUCE FURTHER THE TOTAL NUMBER OF ITS SHORT-RANGE NUCLEAR WEAPONS IN EUROPE - AND WE HAVE ALREADY MADE SUBSTANTIAL REDUCTIONS IN RECENT YEARS.
THE COMPREHENSIVE CONCEPT WHICH WE AGREED AT LAST YEAR'S NATO SUMMIT SET OUT THE CONDITIONS ON WHICH THESE REDUCTIONS COULD BE MADE.
BUT WE SHALL NEED TO RETAIN ADEQUATE NUCLEAR FORCES, BOTH HERE IN THE UNITED KINGDOM AND BASED FORWARD ON THE CONTINENT OF EUROPE AS AT PRESENT.

THERE ARE THEREFORE THREE ESSENTIALS FOR OUR CONTINUED SECURITY:

THAT A UNITED GERMANY SHOULD REMAIN PART OF NATO;

THAT AMERICAN AND OTHER STATIONED FORCES SHOULD REMAIN IN GERMANY, ALTHOUGH WE HOPE IN REDUCED NUMBERS;

AND THAT NATO SHOULD CONTINUE TO HAVE NUCLEAR WEAPONS BASED IN GERMANY.

THERE WILL OF COURSE HAVE TO BE SPECIAL ARRANGEMENTS FOR THE TERRITORY OF THE GDR, AND THESE MUST TAKE ACCOUNT OF THE SOVIET UNION'S NATURAL SECURITY CONCERNS.

THAT WILL MEAN ACCEPTING THAT SOVIET FORCES WILL REMAIN THERE FOR A TRANSITIONAL PERIOD.

BUT THERE MUST BE NO DOUBT THAT GERMANY WILL BE A PART OF NATO: THIS OFFERS THE BEST SECURITY FOR EUROPE AS A WHOLE.
YOUR STRONG AND CATEGORIC ASSURANCES ON THAT ESSENTIAL POINT, CHANCELLOR KOHL, HAVE BEEN A TREMENDOUS ENCOURAGEMENT.

BUILDING ON THE CSCE

ALONGSIDE NATO - BUT NOT AS AN ALTERNATIVE TO IT - WE NEED TO FIND A WAY TO REINFORCE DEMOCRACY AND HUMAN RIGHTS THROUGHOUT EUROPE, WHILE AT THE SAME TIME INVOLVING THE SOVIET UNION AND THE EASTERN EUROPEAN COUNTRIES FULLY IN THE DEBATE ON EUROPE'S FUTURE

WE ALREADY HAVE A FRAMEWORK IN THE HELSINKI AGREEMENTS: AND THEY OF COURSE HAVE THE PARTICULAR ADVANTAGE OF BRINGING IN FULLY THE UNITED STATES AND CANADA.

BUT WE MUST TRY TO GIVE THEM GREATER SUBSTANCE AND PERMANENCE. AND THE TIME TO DO THAT IS SURELY THE FORTHCOMING CSCE SUMMIT, WHICH WE SHALL HOLD LATER THIS YEAR.

I AM GOING TO SET OUT TONIGHT SOME PROPOSALS WHICH COULD MAKE THAT SUMMIT A MAJOR STEP TOWARDS THE CREATION OF A GREAT ALLIANCE FOR DEMOCRACY, WHICH WOULD STRETCH FROM THE ATLANTIC TO THE URALS AND BEYOND.

FIRST, THE SUMMIT SHOULD STRENGTHEN DEMOCRACY BY AGREEING A NEW PROVISION SETTING OUT THE CONDITIONS TO BE FULFILLED FOR ELECTIONS TO BE CONSIDERED AS TRULY FREE.
BRITAIN AND THE UNITED STATES PUT FORWARD AN OUTLINE PROPOSAL, INCLUDING A SUGGESTION FOR INDEPENDENT OBSERVERS, AT THE PARIS MEETING LAST JUNE.
WE WANT TO SEE A COMMITMENT TO FREE ELECTIONS BECOME ONE OF THE NEW CSCE PRINCIPLES.

SECOND, WE SHOULD DO THE SAME FOR THE RULE OF LAW AND HUMAN RIGHTS.
THE CSCE COUNTRIES SHOULD SET OUT THE ESSENTIAL PRINCIPLES FOR A SOUND LEGAL SYSTEM, AND SHOULD ALL COMMIT THEMSELVES TO RESPECT AND UPHOLD THE RULE OF LAW ACCORDING TO THESE PRINCIPLES.

THIRD, WE SHOULD EXTEND POLITICAL CONSULTATION THROUGH THE CSCE, AS A WAY OF INVOLVING THE WIDEST POSSIBLE NUMBER OF COUNTRIES IN DISCUSSIONS ABOUT EUROPE'S FUTURE.
THERE SHOULD BE MEETINGS AT THE LEVEL OF FOREIGN MINISTERS TWICE A YEAR: THERE MIGHT ALSO BE A PROCEDURE FOR CONVENING EXTRAORDINARY MEETINGS IN TIMES OF TENSION OR CRISIS.

FOURTH, WE SHOULD CONSIDER GIVING THE CSCE A CONCILIATION ROLE IN DISPUTES RATHER ON THE LINES THAT THE GATT HAS IN THE TRADE FIELD.
THE CSCE COULD OFFER ITS GOOD OFFICES IN ANY DISPUTE BETWEEN TWO OR MORE OF ITS MEMBERS, FOR INSTANCE ON MATTERS CONCERNING MINORITY RIGHTS.

FIFTH, THE SUMMIT SHOULD ADD TO THE HELSINKI PRINCIPLES THE RIGHT TO PRIVATE PROPERTY, THE FREEDOM TO PRODUCE, BUY AND SELL WITHOUT UNDUE GOVERNMENT INTERFERENCE.

THESE RIGHTS ARE FUNDAMENTAL TO A FREE AND PROSPEROUS SOCIETY. THEIR IMPORTANCE IS NOW ACKNOWLEDGED THROUGHOUT EASTERN EUROPE AND PRIVATE PROPERTY HAS JUST BEEN MADE LEGAL IN THE SOVIET UNION.
THE CSCE SHOULD REFLECT AND ENCOURAGE THIS.

SIXTH, THE SUMMIT SHOULD SOLEMNLY REAFFIRM THE ORIGINAL HELSINKI COMMITMENTS ON EUROPEAN FRONTIERS: THAT FRONTIERS ARE INVIOLABLE, AND CAN ONLY BE CHANGED BY PEACEFUL MEANS AND BY AGREEMENT, IN ACCORDANCE WITH INTERNATIONAL LAW.

FINALLY; THE SUMMIT SHOULD NOT ONLY SIGN THE CFE AGREEMENT WHICH WE HOPE WILL BE READY BY THEN, BUT LOOK AHEAD TO THE NEXT STEPS IN ARMS CONTROL IN EUROPE.

IF WE CAN AGREE ON THESE NEW PRINCIPLES AND PROCEDURES, THE HELSINKI ACCORDS WILL BE STRENGTHENED FOR THE FUTURE - AND LET US REMEMBER HOW WELL THEY HAVE SERVED EUROPE OVER THE PAST FIFTEEN YEARS.
WITHOUT THEM, WE IN THE WEST WOULD NOT HAVE HAD A LOCUS TO INSIST ON OBSERVANCE OF BASIC HUMAN RIGHTS IN THE COMMUNIST COUNTRIES: AND THOSE GROUPS OF COURAGEOUS PEOPLE WHO FORMED HELSINKI MONITORING GROUPS TO INSIST ON RESPECT FOR THEIR RIGHTS WOULD NEVER HAVE BEEN ABLE TO PLAY A ROLE IN EASTERN EUROPE'S PEACEFUL DEMOCRATIC REVOLUTION.

LET ME STRESS THAT I DO NOT BELIEVE THAT THE CSCE CAN IN ANY WAY TAKE ON A DEFENCE ROLE.
THAT MUST REMAIN THE TASK OF NATO AND WEU.
WHAT IT CAN AND SHOULD DO IS STRENGTHEN DEMOCRACY, THE RULE OF LAW AND HUMAN RIGHTS.
IF WE CAN GET TO A STAGE WHEN THEY ARE PRACTISED AND OBSERVED THROUGHOUT EUROPE, THAT IN ITSELF WILL BE AN ENORMOUS CONTRIBUTION TO EUROPE'S SECURITY.

WE SHALL BE PUTTING FORWARD THE PROPOSALS WHICH I HAVE MADE TONIGHT MORE FORMALLY OVER THE NEXT FEW WEEKS.

CONCLUSION

MR CHAIRMAN, I KNOW YOU WILL ALL BE EAGER AS I AM TO HEAR WHAT CHANCELLOR KOHL HAS TO SAY.
MAY I JUST WISH YOU WELL IN YOUR WORK AT THIS CONFERENCE, HELD AGAINST THE BACKGROUND OF THE MOST EXCITING CHANGES SINCE THE WAR.
I WILL CONCLUDE WITH SOME WORDS OF THE POET SCHILLER, WHICH DESCRIBE WHAT WE ALL FEEL ABOUT THE GREAT EVENTS TAKING PLACE IN EAST GERMANY, AND IN EASTERN EUROPE AND THE SOVIET UNION AS A WHOLE:

"DAS ALTE STUERZT ES AENDERT SICH DIE ZEIT
UND NEUES LEBEN BLUEHT AUS DEN RUINEN".

THE OLD FALLS, TIME CHANGES AND NEW LIFE BLOSSOMS OUT OF THE RUINS.

ANNEX I

GUIDELINES ON CSCE
(Dublin, 28 April 1990)

The changes in Europe that we are witnessing bring with them the opportunity of overcoming the division of our continent and building a new system of relations between the States of Europe, based on the aims and principles of the Helsinki Final Act. The CSCE process, which has already made a significant contribution to change, will serve as a framework for reform and stability on our continent, and should be developed in new directions. The Community and its member States are determined to assume their responsibilities wholeheartedly and to play a full part in the CSCE process; they are considering appropriate arrangements to achieve this end.

There is now wide agreement on the desirability of a Summit Meeting of the CSCE participating States before the end of this year. This would mark the starting point for a more advanced stage of the Helsinki process. The decisions necessary to launch the Summit process should be taken as soon as possible so as to ensure that the preparations essential for its successful outcome are completed in good time. This should include an early decision on the opening date and venue of a Preparatory Committee as well as on the venue of the Summit. For their part, the Twelve propose that the Preparatory Committee could start in July, and the Summit itself could take place in Paris.

The Community and its member States are continuing intensively with their preparations for the Summit. In their Declaration of 20 February, the Twelve have set out the issues which in their view are appropriate for consideration at the Summit. They look in particular towards a balanced development of the CSCE encompassing notably the development of pluralist democracy, the rule of law, human rights, better protection of minorities, human contacts, security, economic cooperation, the environment, further cooperation in the Mediterranean and cooperation in the field of culture.

The CSCE Summit should make it possible to consider new institutional arrangements within the CSCE process, taking also into account proposals made by the Central and Eastern European countries, including the possibility of regular consultative meetings of Foreign Ministers and the establishment of a small administrative Secretariat. It will also provide the opportunity to consider the relationship that should exist

between the CSCE process and other relevant institutions, such as the Council of Europe. It should mandate the Foreign Ministers of the 35 accordingly.

Already, the new climate of cooperation that prevails has made possible a practical and forward-looking outcome to the Bonn Conference on Economic Cooperation in Europe. The results obtained there will serve as guidelines for future economic cooperation between the 35. The Community made a major contribution to the success of the Conference. The Bonn Document, which acknowledges the link between political pluralism and market economies, provides a basic orientation for future economic relations and cooperation in Europe.

The Twelve look forward to a similar spirit of cooperation at the Copenhagen Conference on the Human Dimension, and trust it will be possible to achieve major substantial results there also, results which will serve to strengthen the commitment of all the participating States to human rights and enable all Europeans to enjoy to the full their fundamental rights and freedoms.

The Twelve reaffirm the importance of the Mediterranean dimension of the CSCE. Being of the view that the experience of the CSCE process can have positive effects on the Mediterranean basin, they hope that the meeting in Palma de Mallorca will enable progress to be made in this dimension of the CSCE process.

The Twelve are committed to a secure and stable balance of forces in Europe at lower levels. They look to an early, successful conclusion to the negotiation on Conventional Armed Forces in Europe, which is taking place in the framework of the CSCE, as well as to the adoption of further Confidence- and Security-Building Measures. They affirm once again the importance of continuing negotiations in the field of arms control and the building of security and confidence in Europe with a view to achieving a lasting framework for security in Europe.

C

CSCE SUMMIT MEETING 1990

AGENDA

1. Formal opening of the Conference.

   Address by a representative of the host country.

   Address by the Secretary General of the United Nations (or his representative).

2. Statements by representatives of the participating states.

3. Contributions by the (observer and) non-participating Mediterranean states and by the other international organisations invited.

4. Consideration and adoption of one or more documents concerning:

   Action to be taken by the participating states in building a new system of relations between them, in order to strengthen stability in Europe and to promote cooperation in the light of the rapid and profound changes taking place on this continent.

   Definition of the role of the CSCE process in the future architecture of Europe and the setting of future directions and objectives, taking into account developments affecting Europe and building upon the results already achieved within the framework of the CSCE.

New institutional arrangements in the CSCE, with particular reference to a structure of regular political meetings of the Heads of State and Government, Ministerial and other levels, and definition of the relationship that should exist between the CSCE process and other relevant institutions, such at the Council of Europe.

5. Formal closure of the Conference.

D

ELEMENTS FOR A DOCUMENT OR DOCUMENTS TO BE SUBMITTED TO HEADS OF STATE OR GOVERNMENT AT THE CSCE SUMMIT

1. The Heads of State or Government of the 35 participating states of the conference on security and cooperation in

Europe met in Paris ....

2. They recalled the objective defined in the final act of the CSCE, signed in Helsinki on the 1st of August 1975, namely.

> "To improve and intensify their relations and to contribute in Europe to peace, security, justice and cooperation as well as to rapprochment among themselves and with the other states of the world."

3. They looked forward to a Europe, whose peoples share a common heritage and culture, which will stand united in its commitment to the development of pluralist democracy, the rule of law, human rights, better protection of minorities, human contacts, security, economic cooperation, the environment, further cooperation in the mediterranean and cooperation in the field of culture.

4. They expressed their deep satisifaction at the new positive climate of relations which has developed among the participating states following upon the profound changes which have taken place in Europe in recent times.

5. They welcomed the progress being made in overcoming the previously existing division of europe. In this context they also welcomed the achievement of German Unification and recognised the positive and fruitful contribution that this will make in the construction of a new Europe.

T17AAP/1

6. They considered that the progress achieved in restoring freedom and democracy throughout Europe together with the results already achieved and in the further advances in prospect towards the reduction of armaments now make it both possible and necessary to develop a wider framework of peace, security and cooperation for all of Europe.

7. They expressed their determination to build upon these achievements and to create a new system of reltions based upon the aims and principles of the Helsinki Final Act.

8. The Heads of State or Government emphasised the fundamental role of the CSCE process in achieving these goals throughout the continent of Europe and across the Atlantic to embrace Canada and the United States of America.

9. They reaffirmed the validity of the principles enshrined in the final act and of subsequent CSCE commitments and confirmed their determination to respect these and put them into practice, as well as the importance of maintaining balanced progress in all aspects of the CSCE process.

10. They welcomed and endorsed the results achieved in the Vienna negotiations on conventional armed forces in Europe and on confidence and security building measures and affirmed the importance of continuing these negotiations without interruption in the field of arms control and the building of security and confidence in Europe, in the light of political developments, with a view to achieving a lasting framework for security throughout Europe.

11. They welcomed the results of all intersessional meetings and conferences which have taken place within the CSCE framework since the Vienna follow-up meeting. Titles.

12. They affirmed that the CSCE process, which has already made a significant contribution to change, will serve as a

TWELVE'S PROPOSALS FOR FURTHER INSTITUTIONALISATION OF CSCE

- Regular Summit meetings.
- Establishment of a CSCE mechanism of meetings at the levels of Foreign Ministers and of officials to meet regularly beginning in 1991, with additional meetings whenever necessary.
- Establishment of a small administrative secretariat more frequent follow-up meetings.

T17AAQ/1

BRIEF NO 18 (SOUTH AFRICA)

WILL FOLLOW

CONFIDENTIAL

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

EHG(D) 90 (19)

21 JUNE 1990

EUROPEAN COUNCIL DUBLIN

25/26 JUNE 1990

ARAB/ISRAEL

OBJECTIVES

- to agree
  - a satisfactory EC statement on the Arab/Israel dispute
  - measures to support the population of the Occupied Territories

POINTS TO MAKE

- situation in Middle East grave. Stalemate in peace process encourages extremists.

- crucial to keep US closely engaged. EC initiatives should not cut across US activity. EC should take up Baker offer of discussion of Middle East soon.

CONFIDENTIAL

AI2ABT/1

- EC should do what it can to sustain Arab moderates while peace process stalled. Support statement of principles. Also support measures to help Palestinians of Occupied Territories; resident Commission representative, direct exports.

- (if raised) Consuls-General must not get involved in political demonstrations which would provoke Israeli retaliation.

- (if raised) oppose sanctions against Israel.

REFERENCES

A Luxembourg telno 187: Foreign Affairs Council: 18 June. EPC : Arab/Israel.

B CPE/SEC 401 (1/2): 78th EPC Ministerial Meeting, Luxembourg, 18 June: Conclusions.

C CPE/PRES 570 (3/4): Draft Declaration on the Middle East.

BACKGROUND

1. Tension in the Middle East has increased further. The peace process has been stalled since March. Arab concern over Soviet immigration has been exacerbated by the formation of new Israeli government with an uncompromising platform on settlements and Sharon as the Minister responsible. In the Occupied Territories the violence which followed the murder of 8 Palestinians on 20 May has subsided. But Israeli behaviour continues to cause concern: a teargas attack on an UNRWA maternity clinic on 12 June injured more than 200 mothers and babies.

2. President Bush announced on 20 June the suspension of the US/PLO dialogue because of the PLO's failure specifically to condemn the PLF raid on the Israeli coast on 30 May. The PLO were angered by the US veto on 31 May of a Security Council resolution authorising the despatch of a UN mission to the Occupied Territories in the wake of the clashes there. They will be further frustrated by this suspension.

3. Two positive steps for Arab moderates were the UN Secretary-General's decision on 13 June to send Aime to the Occupied Territories and Mr Baker's testimony before the House Foreign Relations Committee on 13 June in which he

blamed Israel for the breakdown of the peace process. But they remain under serious pressure to show results. Reports from the Occupied Territories suggest that the moderate leadership there is facing greater problems exerting its authority: the PLO have privately stressed to us the increasing constraints on Arafat's freedom of manoeuvre.

4. Against this background, the Foreign Affairs Council agreed on 18 June that the European Council should issue a statement aimed at helping relaunch the peace process. The Presidency have circulated a draft restatement of principles which is generally acceptable to us, except for one point of substance covering the possibility of direct exports from the Community to the OTs. We have proposed amendments on this and on other minor points. An amended draft will be considered by Political Directors on 25 June before coming to the Council for approval. We shall wish to ensure that partners do not change this in such a way as to raise Arab expectations unrealistically; needlessly alienate the new Israeli government; or cut across US activity.

5. There was also general agreement that the EC should do more for the population of the Occupied Territories. The Presidency proposed that the European Council should confirm a number of decisions in this respect and suggested

- encouraging Consuls General to take more overt action in support of the population

- declaring readiness to increase the level of direct exports from the Occupied Territories

- nominating a permanent Commission delegate in the Occupied Territories

- making a determined effort to get Israel to comply with its obligations under the Fourth Geneva Convention.

These measures would be in addition to the Strasbourg declaration commitment to double EC aid to the Occupied Territories by the end of 1992; the preferential access to EC markets already enjoyed by most Palestinian agricultural products; and already frequent demarches to the Israelis on human rights violations in the Occupied Territories.

6. We have reservations about the first proposal: the dividing line between legitimate diplomatic activity and political demonstration is a fine one and the Israelis would react strongly if Consuls General strayed across it. The Secretary of State spoke in favour of the second and third. We also have no difficulty with the fourth which is fully in line with our policy.

7. The Secretary of State also raised and commended Secretary Baker's suggestion that he come to Europe to discuss the Middle East with the Twelve. The Presidency suggested a possible discussion in the margins of the G24 meeting on 4 July. We will wish to reiterate the importance of taking up this offer.

8. The Foreign Affairs Council had a further inconclusive discussion of the postponement by the Commission of programming of scientific cooperation with Israel for 1990 in response to a European Parliament resolution on the closure of universities in the Occupied Territories. If this is raised at the European Council we shall wish to make clear our opposition to all kinds of sanctions against Israel.

047362
MDHIAN 5337

CONFIDENTIAL
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 181
OF 181903Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS, UKMIS NEW YORK
INFO PRIORITY WASHINGTON, UKDEL NATO, MIDDLE EAST POSTS, MOSCOW
INFO PRIORITY TOKYO
INFO ROUTINE STRASBOURG

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL: 18 JUNE
EPC: ARAB/ISRAEL

SUMMARY

1. AGREEMENT THAT EUROPEAN COUNCIL SHOULD ISSUE A FIRM STATEMENT AIMED AT HELPING RELAUNCHING THE PEACE PROCESS. PRESIDENCY TO CIRCULATE DRAFT BY COREU. GENERAL AGREEMENT THAT COMMUNITY SHOULD DO MORE FOR POPULATION OF OCCUPIED TERRITORIES. IMPORTANCE OF US REMAINING ENGAGED FULLY RECOGNISED. POSSIBILITY OF A TWELVE/BAKER MEETING DEVOTED TO THE MIDDLE EAST. (PRESIDENCY MENTIONED MARGINS OF THE 4 JULY G24 MEETING AS ONE SUGGESTION FOR THIS). DUTCH AND DANES CONTINUE TO WRANGLE WITH COMMISSION OVER SCIENTIFIC COOPERATION WITH ISRAEL.

DETAIL

2. COLLINS (PRESIDENCY) SAID ARAFAT HAD MADE CLEAR TO HIM THE DEEP FRUSTRATION FELT AMONG THE ARABS AT THE LACK OF PROGRESS. THEY HAD SEEN THE US SECURITY COUNCIL VETO AS A SETBACK FOR THEM. HOWEVER THE SECRETARY GENERAL'S ENVOY WOULD REPORT FOLLOWING HIS MISSION AND THAT MIGHT ENABLE THE UN TO FIND A ROLE IN PROTECTING THE INHABITANTS OF THE OT'S. COLLINS SAID THAT HE HAD WRITTEN THE PREVIOUS WEEK TO BAKER URGING TO MAINTAIN THE DIALOGUE WITH THE PLO. THE EUROPEAN COUNCIL SHOULD MAKE A FIRM STATEMENT ON THE PEACE PROCESS AND SHOULD CONFIRM DECISIONS TO DO MORE IN THE OT'S, EG BY ENCOURAGING CONSULS GENERAL TO TAKE MORE OVERT ACTION IN SUPPORT OF THE POPULATION, BY DECLARING READINESS TO INCREASE THE LEVEL OF DIRECT EXPORTS FROM THE OTS, BY THE NOMINATION OF A PERMANENT COMMISSION DELEGATE IN THE OTS AND BY A DETERMINED EFFORT TO GET ISRAEL TO COMPLY WITH ITS OBLIGATIONS UNDER THE FOURTH GENEVA CONVENTION.

3. FERNANDEZ ORDONEZ (SPAIN) FULLY SUPPORTED THE PRESIDENCY. HE THOUGHT THAT THE IMPASSE IN THE PEACE PROCESS WOULD OBLIGE THE TWELVE TO REVIEW THEIR POLICY. THE EUROPEAN COUNCIL STATEMENT SHOULD BE VERY FIRM. ELLEMANN-JENSEN (DENMARK) SAID IT WAS VERY DIFFICULT TO SEE WHAT THE TWELVE COULD DO TO MOVE THE PEACE PROCESS FORWARD, ALTHOUGH IT WAS RIGHT TO TRY TO HELP SOLVE HUMANITARIAN PROBLEMS IN THE OTS. HE COMMENTED THAT ISRAEL FELT HERSELF TO BE COMING INCREASINGLY INTO CONFRONTATION WITH THE TWELVE AND IT WAS THEREFORE WORRYING THAT THE SITUATION OVER SCIENTIFIC COOPERATION, WHICH AMOUNTED TO A POLITICAL SANCTION, REMAINED UNRESOLVED. DESPITE EARLIER DISCUSSIONS AMONG BOTH FOREIGN MINISTERS AND POLITICAL DIRECTORS, THE COMMISSION WERE NOT DOING ANYTHING TO STOP THE POLITICAL SIGNALS BEING RECEIVED BY THE ISRAELIS. SAMARAS (GREECE) THOUGHT THE COMMISSION FACED A VERY DIFFICULT TASK IN KEEPING CHANNELS OF COMMUNICATION WITH ISRAEL OPEN AT A TIME WHEN ALL WERE LOOKING TO ISRAEL FOR A GESTURE THAT COULD LEAD TO NEGOTIATIONS WITH THE PALESTINES. THE EUROPEAN COUNCIL SHOULD CALL ON BOTH PARTIES TO EXERCISE MODERATION. THE US/PLO DIALOGUE HAD TO CONTINUE: IF THE PALESTINIANS BECAME TOO DISAPPOINTED THE SITUATION COULD GET OUT OF CONTROL.

4. YOU SUPPORTED COLLINS' OPENING ANALYSIS. YOUR VISIT TO JORDAN AND SAUDI ARABIA HAD UNDERLINED THE GRAVITY OF THE SITUATION. THE PEACE PROCESS HAD EFFECTIVELY COME TO A HALT AND THIS CREATED A PARTICULARLY DANGEROUS SITUATION IN WHICH EXTREMES GREW IN STRENGTH AND THOSE WHO HAD PUT SOME FAITH IN THE WEST GREW DISCOURAGED. THERE WAS A VERY REAL DANGER OF FUNDAMENTALISM PREVAILING. THE AIME MISSION TO THE OTS MIGHT BE HELPFUL IN THE MEDIUM TERM. BUT YOU HAD BEEN VERY STRUCK BY THE NUMBER OF CALLS, INCLUDING FOR EXAMPLE BY KING FAHD, FOR GREATER EUROPEAN INVOLVEMENT IN THE PEACE PROCESS. AT THE SAME TIME, IT WAS CRUCIAL TO KEEP THE US CLOSELY ENGAGED. ONE OF THE FEW HELPFUL FACTORS IN THE MIDDLE EAST WAS THE ABSOLUTE COMMITMENT OF THE CURRENT ADMINISTRATION TO FIND A SOLUTION. IF THEY WALKED AWAY, AS HAD HAPPENED IN THE PAST, ANYTHING THE EUROPEANS DID WOULD BE ENTIRELY SECONDARY. BAKER HIMSELF HAD SUGGESTED THAT HE MIGHT COME TO EUROPE TO DISCUSS THE MIDDLE EAST WITH THE TWELVE. THE TIMING AND ARRANGEMENTS WOULD NEED CONSIDERATION, BUT IT WAS VERY IMPORTANT TO TAKE UP THE SUGGESTION, WHICH HAD BEEN MADE IN THE CONTEXT OF THE NEW ARRANGEMENTS FOR POLITICAL DIALOGUE BETWEEN THE COMMUNITY AND THE US, IN ORDER TO MAKE THE DISTINCTIVE EUROPEAN VIEWPOINT ENTIRELY PLAIN. YOU AGREED THAT IT WAS RIGHT TO MAINTAIN TARGETTED PRESSURE ON ISRAEL. LIKE ELLEMANN-JENSEN YOU WERE NOT IN FAVOUR OF BREAKING SCIENTIFIC OR ANY OTHER CONTACTS: IN DEALINGS WITH ISRAEL THE COMMUNITY SHOULD BE EMPHATIC ON POINTS OF CONCERN

ABOUT THE OTS WITHOUT BEING HOSTILE. IT WOULD BE WORTH TAKING FORWARD THE IDEA OF A RESIDENT COMMISSION REPRESENTATIVE, AND WORTH INCREASING OUR EFFORT ON DIRECT EXPORTS, INCLUDING BY BROADENING THE RANGE OF PRODUCTS INVOLVED.

5. EYSKENS (BELGIUM) SAID THE ARABS ALL SOUGHT A MORE ACTIVE EUROPEAN ROLE BUT WERE VAGUE WHEN ASKED WHAT IT SHOULD BE. HE AGREED WITH YOU THAT WE SHOULD USE OUR INFLUENCE TO KEEP THE AMERICANS ENGAGED AND IN PARTICULAR NOT TO BREAK OFF THE DIALOGUE WITH THE PLO. HE THOUGHT ARAFAT'S DIFFICULT POSITION WITHIN THE PLO EXPLAINED HIS FAILURE TO CONDEMN THE RECENT COASTAL ATTACK ON ISRAEL. THE COMMUNITY SHOULD INCREASE ITS HUMANITARIAN AID TO THE OTS. VAN DEN BROEK (NETHERLANDS) WONDERED HOW EASY IT WOULD BE TO CONVEY, IN A EUROPEAN COUNCIL STATEMENT, THE NEED FOR THE US TO STAY ENERGETICALLY ENGAGED. AT THE SAME TIME IT HAD TO BE MADE CLEAR TO THE PLO THAT WE UNDERSTOOD THEIR PENT UP FRUSTRATION AND WE HAD TO BE SENSITIVE TO THE DOUBTS RAISED IN ISRAELI MINDS BY THE RECENT ATTACK. (PICKING UP EYSKENS' POINT ABOUT ARAFAT, HE SAID THINGS WERE JUST AS DIFFICULT FOR ISRAEL WHEN A MEMBER OF THE PLO EXECUTIVE COMMITTEE WAS RESPONSIBLE FOR THE ATTACK AND ARAFAT TOOK AN AMBIGUOUS POSITION). HE THOUGHT THE TWELVE SHOULD WAIT FOR THE FINDINGS OF THE AIME MISSION BEFORE LOOKING AT THEIR POLICY ON THE PEACE PROCESS. IN THE MEANTIME WE SHOULD PRESS AHEAD WITH AID TO THE OTS. HE SUPPORTED ELLEMANN-JENSEN'S CRITICISM OF THE COMMISSION OVER SCIENTIFIC COOPERATION.

6. MATUTES (COMMISSION) DEFENDED HIS POSITION: COOPERATION WITH ISRAEL UNDER THE COOPERATION AGREEMENT AND THE FINANCIAL PROTOCOL WAS PROCEEDING NORMALLY AND NO STEPS HAD BEEN TAKEN, NOR DID THE COMMISSION INTEND ANY. SCIENTIFIC COOPERATION PROGRAMMED IN 1989 WAS PROCEEDING BUT THE PROGRAMMING MEETING FOR 1990 HAD BEEN POSTPONED BY THE COMMISSION FOLLOWING A EUROPEAN PARLIAMENT RESOLUTION ADOPTED FOLLOWING THE CLOSURE OF THE UNIVERSITIES IN THE OTS. MOST SCIENTIFIC COOPERATION TOOK PLACE VIA UNIVERSITIES. IT WAS NOT A CANCELLATION AND THEREFORE DID NOT ADD UP TO A SANCTION: THE ISRAELIS WERE SPREADING MIS-INFORMATION ABOUT THIS. THE REINSTATEMENT OF THE MEETING WOULD BE VERY CLOSELY LINKED TO THE RE-OPENING OF THE UNIVERSITIES WHICH WAS EXPECTED IN THE COMING WEEKS AND MONTHS. MATUTES COMMENTED THAT SOME DIALOGUE OR CONSULTATIONS WITH THE US WOULD BE VERY USEFUL. HE REPORTED BRIEFLY ON THE COMMISSION'S ACTION IN THE OTS, WHICH HE SAID HAD PRODUCED VERY SATISFACTORY RESULTS OVER THE LAST 6 MONTHS. DIRECT EXPORTS HAD INCREASED GREATLY, A THIRD CONVENTION WITH UNRWA WAS IN PLACE FOR DISBURSEMENT OF AID AND DIRECT AID WAS SET TO DOUBLE ITS 1989 LEVEL

BY 1992. THERE WERE SOME DIFFICULTIES IN THE FIELD, BUT THE COMMISSION WAS CONSIDERING THE POSSIBILITY OF OPENING AN OFFICE IN THE AUTUMN.

7. ELLEMANN-JENSEN, AGAIN SUPPORTED BY VAN DEN BROEK, HAD ANOTHER GO AT MATUTES: DECISIONS ON POLITICAL SANCTIONS RAISED AN IMPORTANT POINT OF PRINCIPLE. IT WAS REGRETTABLE THAT THE COMMISSION HAD NOT, AS PROMISED, REMEDIED THE SITUATION THAT HAD ARISEN IN FEBRUARY. MATUTES AGAIN DEFENDED HIMSELF. THIS TIME FERNANDEZ ORDONEZ FELT MOVED TO SUPPORT HIM: IF ANYTHING THE COMMISSION'S ACTION HAD BEEN TOO SOFT, THE COMMUNITY WOULD HAVE TO ACT MUCH MORE FIRMLY IN FUTURE.

8. COLLINS EMPHASISED THAT NO DECISION HAD BEEN TAKEN IN EPC ON SANCTIONS AGAINST ISRAEL: HE KNEW THE COMMISION WERE AWARE OF THIS. HE SUMMED UP AS IN PARA 1.

CAMPBELL

YYYY

DISTRIBUTION 143

MAIN 131

.ARAB/ISRAEL
LIMITED
NENAD
MED
NAD
SOVIET D
KIEV UNIT
PLANNERS
RMD
UND
LEGAL ADVISERS
ECD(E) POCO UNIT
NEWS D
HD/INFO D
RAD
PUSD
SED
SCD
DEFENCE D
HD/CONSULAR D
PS
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
CHIEF CLERK
MR TOMKYS
MR GORE-BOOTH
MR SLATER
MR GREENSTOCK
MR MOSS
MISS R SPENCER

ADDITIONAL
ARAB/ISRAEL

RESTRICTED
FM SEC COREU
TO ALL COREU - PRIORITY
INFO UN MISSIONS NY/GENEVE - ROUTINE

CPE/SEC 401 (1/2)
19.06.90 1000Z

DIFFUSION RESTREINTE
COPIES TO EC EMBASSIES

A LA DEMANDE DE LA PRESIDENCE, LE SECRETARIAT DE LA CPE TRANSMET CE QUI SUIT :

OBJET : 78EME REUNION MINISTERIELLE CPE, LUXEMBOURG, 18 JUIN 1990. PROJET DE RELEVE DE CONCLUSIONS

LA PRESIDENCE TRANSMET LE PROJET DE RELEVE DE CONCLUSIONS DE LA REUNION SUS-MENTIONNEE :

1. EUROPE DE L'EST

LES MINISTRES ONT DISCUTE DE LA SITUATION EN ROUMANIE ET ONT ADOPTE LA DECLARATION QUI FIGURE EN ANNEXE 1. S'AGISSANT DE LA CEREMONIE DE LA PRISE DE FONCTIONS DU NOUVEAU PRESIDENT DE LA ROUMANIE, ILS ONT CONVENU QUE LES DOUZE DEVRAIENT Y ETRE REPRESENTES PAR LEURS AMBASSADEURS SUR PLACE. EN CE QUI CONCERNE LES RECEPTIONS QUI AURONT LIEU A CETTE OCCASION, ILS ONT CONVENU QUE LES DOUZE Y SERAIENT REPRESENTES A UN NIVEAU INFERIEUR, QUI SERAIT DETERMINE PAR LES AMBASSADEURS.

LES MINISTRES ONT EGALEMENT DISCUTE DE LA SITUATION DANS LES REPUBLIQUES BALTES ET ONT CONVENU QUE LA PRESIDENCE, LORS DE SA CONFERENCE DE PRESSE, FERAIT UNE DECLARATION DANS LES TERMES SUIVANTS :

''LES DOUZE RAPPELLENT QU'ILS ONT CONSTAMMENT PRECONISE UN DIALOGUE ENTRE VILNIUS ET MOSCOU COMME MOYEN DE RESOUDRE LES DIFFERENDS ENTRE EUX. ILS ACCUEILLENT AVEC SATISFACTION LES RECENTES RENCONTRES ENTRE HAUTS-REPRESENTANTS DE L'URSS ET DES REPUBLIQUES BALTES. ILS ACCUEILLENT AVEC SATISFACTION LA FLEXIBILITE QUE TOUTES LES PARTIES VIENNENT DE MANIFESTER. ILS DEMANDENT INSTAMMENT A TOUTES LES PARTIES D'OEUVRER EN FAVEUR D'UNE SOLUTION POSITIVE. ILS REITERENT LEUR

DISPONIBILITE A CONTRIBUER A LA FOURNITURE DE TOUTE AIDE HUMANITAIRE QUI POURRAIT ETRE NECESSAIRE DANS LES REPUBLIQUES BALTES.''

2. CSCE

LES MINISTRES ONT DISCUTE DE L'ETAT D'AVANCEMENT DES TRAVAUX PREPARATOIRES DU SOMMET DE LA CSCE SUR LA BASE DES CONCLUSIONS DU COMITE POLITIQUE (CPE/PRES/DUB 550). EN RESUMANT LA DISCUSSION, LA PRESIDENCE A NOTE QUE, LORS DE SA REUNION DE DUBLIN, LE CONSEIL EUROPEEN DEVRAIT DEMANDER AUX DOUZE DE POURSUIVRE LEURS TRAVAUX DE PREPARATION POUR LE SOMMET SUR LA BASE DES ORIENTATIONS DEJA AGREEES.

3. MOYEN-ORIENT

- PROCESSUS DE PAIX

LES MINISTRES ONT DISCUTE DE LA SITUATION DANS LES TERRITOIRES OCCUPES. ILS ONT EXPRIME LEUR PROFONDE PREOCCUPATION QUANT A LA DETERIORATION CONTINUE DE LA SITUATION ET L'ABSENCE D'UN REGLEMENT. ILS ONT CONVENU QUE LE CONSEIL EUROPEEN DEVRAIT PUBLIER A DUBLIN UNE NOUVELLE DECLARATION SUR CE SUJET DONT LA PRESIDENCE DIFFUSERA UN PROJET PAR COREU. LES MINISTRES ONT EGALEMENT ENVISAGE LA POSSIBILITE D'UNE RENCONTRE DE LA TROIKA AU NIVEAU MINISTERIEL AVEC LE SECRETAIRE D'ETAT AMERICAIN SUR LE MOYEN-ORIENT, AU DEBUT DU MOIS DE JUILLET

4. ANTISEMITISME ET RACISME

LES MINISTRES ONT DISCUTE DE L'EVENTUELLE ADOPTION PAR LE CONSEIL EUROPEEN D'UNE DECLARATION SUR L'ANTISEMITISME ET LE RACISME SUR LA BASE D'UN PROJET PROPOSE PAR UNE DELEGATION. LA PRESIDENCE DIFFUSERA PAR COREU UN PROJET REVISE A LA LUMIERE DE LA DISCUSSION.

5. AFRIQUE

- AFRIQUE DU SUD

LA COMMISSION A FAIT RAPPORT AUX MINISTRES SUR LE PROGRAMME SPECIAL DE MESURES POSITIVES. ILS ONT EU UN ECHANGE DE VUES APPROFONDI SUR LES MESURES RESTRICTIVES EN VIGUEUR. LA PRESIDENCE A RESUME LA DISCUSSION DE LA FACON SUIVANTE :

- LES MINISTRES SONT CONVENUS DE L'IMPORTANCE DES MESURES POSITIVES. ILS ONT NOTE UNE COMMUNICATION DE LA COMMISSION A CE SUJET AINSI QUE

055733
MDHIAN 5696

RESTRICTED
FM DUBLIN COREU
TO ALL COREU IMMEDIATE DESKBY 17H.30

CPE/PRES/DUB 570 P3/4
20-6-90 1530HRS

DIFFUSION RESTREINTE

DRAFT DECLARATION ON THE MIDDLE EAST

THE URGENT NECESSITY FOR PEACE

THE TWELVE RECALL THEIR LONG-STANDING POSITION OF PRINCIPLE ON THE ARAB-ISRAELI CONFLICT IN THE MIDDLE EAST. THEY ARE DETERMINED TO ENCOURAGE ALL EFFORTS TO PROMOTE DIALOGUE BETWEEN THE PARTIES DIRECTLY CONCERNED LEADING TO THE NEGOTIATION OF A COMPREHENSIVE SETTLEMENT CONSISTENT WITH THE PRINCIPLES THEY HAVE SET OUT, BEGINNING WITH THE VENICE DECLARATION TEN YEARS AGO AND FURTHER DEVELOPED, NOTABLY IN THE DECLARATIONS OF MADRID AND OF STRASBOURG. THIS SETTLEMENT MUST BE FOUND IN THE FRAMEWORK OF AN INTENRATIONAL PEACE CONFERENCE UNDER THE AUSPICES OF THE UNITED NATIONS WITH THE PARTICIPATION OF THE PLO. THE TWELVE WILL SUPPORT ANY EFFORT BY THE PERMANENT MEMBERS OF THE SECURITY COUNCIL TO FACILITATE THE CONVENING OF THE INTERNATIONAL PEACE CONFERENCE.

THE EUROPEAN COUNCIL URGENTLY APPEALS TO THE GOVERNMENT OF ISRAEL TO BEGIN A POLITICAL DIALOGUE WITH THE PALESTINIANS WHICH COULD LEAD TO A COMPREHENSIVE, JUST AND LASTING SETTLEMENT TO THE ARAB-ISRAELI CONFLICT. SUCH A SETTLEMENT MUST BE BASED ON RESOLUTIONS 242 AND 338 OF THE SECURITY COUNCIL AND INVOLVE THE EXCHANGE OF LAND FOR PEACE.

THE EUROPEAN COUNCIL STRESSES THAT ALL PARTIES HAVE A RESPONSIBILITY TO REFRAIN FROM ACTIONS OR STATEMENTS WHICH MIGHT FURTHER IMPEDE STEPS TOWARDS DIALOGUE AND NEGOTIATION. THOSE WHO WOULD CHOOSE VIOLENT OVER PEACEFUL MEANS FOR ACHIEVING POLITICAL OBJECTIVES CANNOT BE ALLOWED TO PREVAIL. THE TAKING OF HUMAN LIFE, NO MATTER WHAT THE CIRCUMSTANCES, CANNOT PLAY ANY PART IN ACHIEVING PEACE AND RECONCILIATION. THREATS OF WAR AND OF THE USE OF WEAPONS OF MASS DESTRUCTION SERVE ONLY TO INCREASE TENSION IN THE REGION AND SHOULD BE ESCHEWED.

THE EUROPEAN COUNCIL IS CONCERNED THAT, BY MAKING TERRITORIAL COMPROMISE EVER MORE DIFFICULT, ISRAEL'S SETTLEMENT POLICY IN THE OCCUPIED TERRITORIES PRESENTS A GROWING OBSTACLE TO PEACE IN THE REGION. REITERATING THAT JEWISH SETTLEMENTS IN THE TERRITORIES OCCUPIED BY ISRAEL SINCE 1967, INCLUDING EAST JERUSALEM, ARE ILLEGAL UNDER INTERNATIONAL LAW, IT CALLS EARNESTLY ON THE GOVERNMENT OF ISRAEL NOT TO PERMIT SETTLEMENTS THERE. THE TWELVE RECOGNISE THE RIGHT OF SOVIET JEWS TO EMIGRATE TO ISRAEL AND ELSEWHERE. THEY ARE, HOWEVER, FIRMLY OF THE VIEW THAT THIS RIGHT MUST NOT BE IMPLEMENTED AT THE EXPENSE OF THE RIGHTS OF THE PALESTINIANS IN THE OCCUPIED TERRITORIES.

HUMAN RIGHTS

THE LAMENTABLE POSITION CONCERNING THE OBSERVANCE OF HUMAN RIGHTS IN THE DETERIORATING SITUATION IN THE OCCUPIED TERRITORIES HAS LED THE TWELVE TO SET OUT REPEATEDLY THEIR CONCERN. THE COMMUNITY AND ITS MEMBER STATES ARE RESOLVED TO STEP UP THEIR ALREADY SIGNIFICANT SUPPORT FOR THE PROTECTION OF THE HUMAN RIGHTS OF THE POPULATION OF THE OCCUPIED TERRITORIES. THE UN, TOO, CAN AND SHOULD PLAY A USEFUL ROLE IN THE PRESENT SITUATION AND PARTICULARLY IN RELATION TO THE PROTECTION OF THE POPULATION. THE TWELVE SUPPORT SUCH A ROLE OF THE UN.

THE TWELVE, AS PARTIES TO THE GENEVA CONVENTION RELATIVE TO THE PROTECTION OF CIVILIAN PERSONS IN TIME OF WAR, AND IN ACCORDANCE WITH THEIR OBLIGATION THEREUNDER TO ENSURE RESPECT FOR ITS PROVISIONS HAVE REPEATEDLY CALLED ON ISRAEL TO ADHERE TO ITS OBLIGATIONS TOWARDS THE PALESTINIAN POPULATION IN THE TERRITORY UNDER ITS OCCUPATION WHICH IS PROTECTED BY THAT CONVENTION: THEY HAVE OBSERVED THAT IT HAS NOTABLY FAILED TO DO SO IN A NUMBER OF IMPORTANT AREAS. CONCERNED THAT THE HUMAN RIGHTS OF THE POPULATION OF THE OCCUPIED TERRITORIES CONTINUE TO BE INADEQUATELY PROTECTED, THE EUROPEAN COUNCIL CONSIDERS THAT FURTHER ACTION IS REQUIRED. ACCORDINGLY, THE TWELVE ARE PREPARED TO ACT AS PROTECTING POWERS TO SAFEGUARD THE INTERESTS OF THE POPULATION IN THE OCCUPIED TERRITORIES AND TO ENSURE THE APPLICATION OF THE CONVENTION.

AID

THE EUROPEAN COUNCIL HAS REVIEWED THE RANGE OF ACTIONS TAKEN BY THE COMMUNITY AND ITS MEMBER STATE SON FOOT OF THE STRASBOURG DECLARATION IN ORDER TO ARREST THE DETERIORATION OF THE ECONOMIC AND SOCIAL SITUATION IN THE OCCUPIED TERRITORIES AND TO HELP TO PRESERVE THE FUTURE OF PALESTINIAN SOCIETY. IT NOTES THE SIGNIFICANT INCREASE

IN THE 1990 PROGRAMME OF DIRECT AID WHICH IS READY FOR ADOPTION AND CONFIRMS THE OBJECTIVE OF DOUBLING DIRECT AID IN THE PERIOD 1990-1992. FOLLOWING THE IMPROVEMENT ACHIEVED IN DIRECT EXPORTS FORM THE OCCUPIED TERRITORIES TO THE COMMUNITY LAST SEASON, THE TWELVE WILL EXAMINE CAREFULLY THE POSSIBILITY OF EMBARKING ON DIRECT EXPORTS more general FROM THE COMMUNITY TO THE OCCUPIED TERRITORIES. AS AN EXPRESSION OF THE IMPORTANCE WHICH THE EUROPEAN COUNCIL ATTACHES TO THE SMOOTH IMPLEMENTATION OF THE COMMUNITY'S EXPANDING PROGRAMME FOR THE BENEFIT OF THE POPULATION OF THE OCCUPIED TERRITORIES, A COMMISSION DELEGATE WITH EXCLUSIVE RESPONSIBILITY FOR THE PROGRAMME WILL BE NOMINATED TO THE OCCUPIED TERRITORIES.

COREU DIPLO DUBLIN
FIN DE 3/4

YYYY

DISTRIBUTION 105

MAIN 102

LIMITED
ECD(I)
ECD(E)
RID
CSCE UNIT
SAFD
CAFD
UND
LEGAL ADVISERS
WED
EED
MED
NENAD
MR P J WESTON
MR LANKESTER
MR GREENSTOCK
MR KERR
MR TAIT
MR FAIRWEATHER
MR GORE-BOOTH

ADDITIONAL 3

PS/PM
MR LAVELLE, CABINET OFFICE
MR APPLEYARD, CABINET OFFICE

NNNN

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

EHG(D) 90(20)

19 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

ANTI-SEMITISM AND RACISM

OBJECTIVE

1. To agree statement, with one amendment.

POINTS TO MAKE

2. Support statement resulting from discussion at Foreign Affairs Council.

3. [If not already agreed]. Prefer to amend fourth paragraph to read "Member States agree to assess ...", instead of "Member States will assess ...".

REFERENCES:

A: Amended draft text circulated by the Presidency on 18 June (Coreu CPE/SEC 400)
B: Report of discussion at Foreign Affairs Council (Luxembourg telno 176)
C: Inter-Institutional Declaration of June 1986
D: Draft CSCE Declaration tabled by the Twelve at Copenhagen

BACKGROUND

1. Mr Van den Broek circulated a draft statement for the European Council on anti-semitism and racism for discussion at the Foreign Affairs Council on 18 June. The Foreign Ministers asked the Presidency to produce a revised draft for Political Directors to consider in the margins of the Council. We share Dutch concerns and support the idea of a statement. A reference in the original draft to the harmonisation of national legislation, which caused us difficulty, has now been dropped. We can accept the revised text as it stands, with a sole amendment designed to avoid competence implications. Political Directors are expected to agree the amendment before it reaches Heads of State and Government.

2. On 29 May the Labour and Social Affairs Council adopted a resolution on racism and xenophobia, following up the 1986 Declaration. The resolution calls for a range of action to fight racism, including the firm application of national legislation. At the Copenhagen CSCE meeting on the Human Dimension, the Twelve are co-sponsoring a French draft Declaration on Racism and Xenophobia.

UNITED NATIONS DEPARTMENT
19 June 1990

046404
MDLIAN 9657

RESTRICTED
FM SEC COREU
TO ALL COREU - PRIORITY
CPE/SEC 400
18.06.1990 16.45Z

DIFFUSION RESTREINTE

AT THE REQUEST OF THE PRESIDENCY, THE EPC SECRETARIAT TRANSMITS A DRAFT TEXT ON RACISM AND ANTI-SEMITISM, IN WHICH THE PRESIDENCY HAS TAKEN INTO ACCOUNT COMMENTS MADE AT TODAY'S MINISTERIAL MEETING IN LUXEMBOURG. THIS TEXT WILL BE CONSIDERED BY POLITICAL DIRECTORS EN MARGE OF THE EUROPEAN COUNCIL WITH A VIEW TO ITS ADOPTION BY THE COUNCIL.

THE COUNCIL CONSIDERED THE RECENT ERUPTIONS OF ANTI SEMITISM,RACISM AND XENOPHOBIA. THE MEMBERS OF THE EUROPEAN COUNCIL EXPRESSED UNALLOYED REVULSION IN THE FACE OF THESE EVENTS, IN PARTICULAR THE ACTS OF DESECRATION PERPETRATED AGAINST THE DEAD, WHICH AIM TO CAUSE THE UTMOST DISTRESS TO THE LIVING. IT IS ALL THE MORE DISTURBING THAT SUCH ABOMINATIONS SHOULD ENJOY ANY CURRENCY PRECISELY AT A TIME WHEN WE ARE COMMEMORATING THE END OF THE SECOND WORLD WAR.

THE EUROPEAN COUNCIL REGARDS ALL EXPRESSIONS OF ANTI-SEMITISM, RACISM, IN PARTICULAR DIRECTED AGAINST FOREIGN IMMIGRANTS, OR XENOPHOBIA, OF WHATEVER KIND, AS INADMISSIBLE, AND AGREES THAT VIGOROUS MEASURES MUST BE TAKEN TO COMBAT THEM, WHENEVER AND WHEREVER THEY APPEAR IN THE COMMUNITY.

THE MEMBER STATES WILL ASSESS THE EXTENT TO WHICH THEIR NATIONAL LEGISLATION MUST EFFECTIVELY BE USED IN ORDER TO COUNTER THESE PHENOMENA.

THE EUROPEAN COUNCIL HAS TAKEN NOTE OF THE FACT THAT THE PROBLEMS OF ANTI-SEMITISM, RACISM AND XENOPHOBIA ARE NOT RESTRICTED TO THE MEMBER STATES OF THE COMMUNITY. OUTRAGES OF THIS NATURE HAVE ALSO BEEN WITNESSED IN RECENT TIMES ELSEWHERE IN EUROPE. AGAINST THIS BACKGROUND, THE EUROPEAN COUNCIL SUPPORTS THE OBJECTIVE OF TAKING ACTION TO COUNTER ANTI-SEMITISM, RACISM AND XENOPHOBIA IN THE PARTICIPATING STATES OF THE CSCE IN THE CONTEXT OF THE HUMAN DIMENSION OF THE CSCE AND NOTES THAT SOME OF THE MEMBER STATES HAVE MADE

PROPOSALS IN THIS REGARD AT THE CURRENT SESSION OF THE CDH IN COPENHAGEN.

SEC COREU

FIN DE TEXTE

YYYY

DISTRIBUTION 265

MAIN 259

.COREU
.MEETINGS OF FOREIGN MINISTERS
.AND THE POLITICAL COMMITTEE
LIMITED
ECD(E)
ECD(I)
FED
MED
NENAD
RMD
RID
UND
LEGAL ADVISERS
WED
SAFD
CAFD
EAD
WAD
EED
JAU/EED
SCD
PLANNERS
PUSD
NEWS D
SOVIET D
SED
AMD
SAD
SEAD
DEFENCE D
ACDD
FID
ESED
NPD
MCAD
SAMD
CSCE UNIT
POD
PS
MR P J WESTON
MR N BAYNE
MR BROOMFIELD
MR TOMKYS
MR MCLAREN
MR SLATER
MR KERR
MR GORE-BOOTH
MR GREENSTOCK
MR TAIT
MR FAIRWEATHER
MR BEAMISH
MR GOULDEN
MR M FRASER
MR BURNS
MR LANKESTER ODA
MR AINSCOW, ODA
MISS R SPENCER

ADDITIONAL 6

COREU MEETINGS FOREN MINS&POCO

NNNN

046576
MDHIAN 5319

RESTRICTED
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 176
OF 181746Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS

FRAME SOCIAL

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL: 18 JUNE
LUNCH: ANTI-SEMITISM AND RACISM

SUMMARY

1. AGREEMENT THAT THE PRESIDENCY WILL PRODUCE A REVISED VERSION OF THE DUTCH DRAFT DECLARATION ON RACISM AND XENOPHOBIA, INCLUDING REFERENCES TO MIGRANT WORKERS AND TO ANTI-SEMITISM. REFERENCE TO HARMONISING NATIONAL LAWS TO BE REMOVED.

DETAIL

2. VAN DEN BROEK (NETHERLANDS) INTRODUCED THE DUTCH TEXT. HE WAS WILLING TO CHANGE THE REFERENCE IN THE DRAFT TO HARMONISATION OF NATIONAL LEGISLATION IN THIS AREA. MRS ADAM-SCHWAETZER (GERMANY) SAID THE 2 GERMANIES HAD ISSUED A STATEMENT ON THIS ISSUE. SHE PROPOSED INCLUDING IN THIS STATEMENT REFERENCES TO TOTALITARIAN PRACTICES. EYSKENS (BELGIUM) SAID THE REFERENCE TO XENOPHOBIA SHOULD BE MADE MORE PRECISE. THERE SHOULD BE A REFERENCE TO MIGRANT WORKES FROM THE MAGHREB.

3. YOU SAID THE REFERENCE TO HARMONISATION NEEDED TO BE REMOVED. YOU URGED THAT A SPECIFIC REFERENCE TO ANTI-SEMITISM SHOULD BE RETAINED IN ADDITION TO RACISM. ELLEMANN-JENSEN (DENMARK) AND DUMAS (FRANCE) AGREED, AS DID VAN DEN BROEK WHO WAS NOT HOWEVER IN FAVOUR OF THE GERMAN PROPOSAL TO INCLUDE ASPECTS OF TOTALITARIANISM. THIS WAS A DIFFERENT ISSUE. CAMPBELL (PRESIDENCY) SAID THE PRESIDENCY WOULD PRODUCE A REVISED DRAFT FOR THE EUROPEAN COUNCIL.

CAMPBELL

YYYY

DECLARATION

AGAINST RACISM AND XENOPHOBIA

The European Parliament, the Council,
the representatives of the Member States,
meeting within the Council, and the Commission
of the European Community

Recognizing the existence and growth of xenophobic attitudes, movements and acts of violence in the Community which are often directed against immigrants

Whereas the Community institutions attach prime importance to respect for fundamental rights, as solemnly proclaimed in the Joint Declaration of 5 April 1977, and to the principle of freedom of movement as laid down in the Treaty of Rome

Whereas respect for human dignity and the elimination of forms of racial discrimination are part of the common cultural and legal heritage of all the Member States

Mindful of the positive contribution which workers who have their origins in other Member States or in third countries have made, and can continue to make, to the development of the Member State in which they legally reside and of the resulting benefits for the Community as a whole

Vigorously condemn all forms of intolerance, hostility and use of force against persons or groups of persons on the grounds of racial, religious, cultural, social or national differences

Affirm their resolve to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners

Look upon it as indispensable that all necessary steps be taken to guarantee that this joint resolve is carried through

Are determined to pursue the endeavours already made to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners

Stress the importance of adequate and objective information and of making all citizens aware of the dangers of racism and xenophobia, and the need to ensure that all acts or forms of discrimination are prevented or curbed

Pierre PFLIMLIN
President of the European Parliament

Hans VAN DEN BROEK
President of the Council

Jacques DELORS
President of the Commission
of the European Community

17557
MDLIAN 58

RESTRICTED
FM PARIS COREU
TO ALL COREU - ROUTINE
CPE/PAR 244 01.05.90. 16.37 HRS L.T.

RECEIV
5 1990

DIFFUSION RESTREINTE
OBJET : REUNION CDH COPENHAGUE

SUR LA LUTTE CONTRE LE RACISME ET LA XENOPHOBIE ET SUR LES DROITS DE L'ENFANT.

LA FRANCE INFORME LES PARTENAIRES DE SON INTENTION DE DEPO-SER DEUX PROPOSITIONS NOUVELLES A LA REUNION DE LA CDH DE COPENHAGL LA PREMIERE CONCERNE LA LUTTE CONTRE LE RACISME ET LA XENOPHOBIE, L SECONDE LES DROITS DE L'ENFANT. LES PARTENAIRES VOUDRONT BIEN TROUV CI-JOINT LE TEXTE DE CES DEUX PROPOSITIONS.

==DEBUT CITATION==

'' LUTTE CONTRE LE RACISME ET LA XENOPHOBIE.

AU MOMENT OU S'OFFRE LA CHANCE HISTORIQUE DE CONSTRUIRE UNE EUROPE DEMOCRATIQUE ET PACIFIQUE, LES ETATS MEMBRES DE LA CSCE DE-CLARENT SOLENNELLEMENT VOULOIR UNIR LEURS EFFORTS POUR COMBATTRE TOUTES LES MANIFESTATIONS DE RACISME OU DE XENOPHOBIE. UNE EUROPE FRATERNELLE ET SOLIDAIRE NE SAURAIT ETRE EN MEME TEMPS CELLE DES HAINES ET DES EXCLUSIONS.

PAGE DEUX

ILS RAPPELLENT QU'ILS SE SONT ENGAGES, DANS LE DOCUMENT DE CLOTURE DE LA CONFERENCE DE VIENNE, A GARANTIR A TOUTES LES PERSON NES SE TROUVANT SUR LEUR TERRITOIRE ET RESSORTISSANT A LEUR JURI-DICTION LE RESPECT DES DROITS DE L'HOMME ET DES LIBERTES FONDAMEN-TALES, SANS DISTINCTION AUCUNE, NOTAMMENT DE RACE, DE SEXE, DE LAN GUE, DE RELIGION, D'OPINION POLITIQUE OU AUTRE, D'ORIGINE NATIONAL OU SOCIALE, DE FORTUNE, DE NAISSANCE OU DE TOUTE AUTRE SITUATION.

CET ENGAGEMENT S'INSCRIT DANS LE CADRE GENERAL DE L'ACTION E FAVEUR DES DROITS FONDAMENTAUX CONFORMEMENT AUX BUTS ET PRINCIPES DE LA CHARTE DES NATIONS UNIES ET A LA DECLARATION UNIVERSELLE DES DROITS DE L'HOMME.

CHAQUE ETAT PRENDRA DONC, POUR LUTTER CONTRE LES ACTES INSPI PAR LE RACISME ET LA XENOPHOBIE, ET CONTRE TOUTE PROPAGANDE D'INCI TION A LA HAINE RACIALE OU A LA XENOPHOBIE, DES MESURES APPROPRIEE TELLES QUE :

A) LA RATIFICATION, PAR LES ETATS QUI NE L'ONT PAS ENCORE FA

DES INSTRUMENTS INTERNATIONAUX CONTRIBUANT A LA LUTTE CONTRE TOUTE FORME DE DISCRIMINATION RACIALE.,

B) LA RECONNAISSANCE, PAR LES ETATS MEMBRES QUI NE L'ONT PAS ENCORE FAIT, DU DROIT DE RECOURS INDIVIDUEL VISE A L'ARTICLE 14 DE CONVENTION INTERNATIONALE SUR L'ELIMINATION DE TOUTES FORMES DE DISCRIMINATION RACIALE ET LA RATIFICATION DU PROTOCOLE FACULTATIF RAPPORTANT AU PACTE INTERNATIONAL RELATIF AUX DROITS CIVILS ET POLITIQUES.,

C) L'APPLICATION STRICTE DES LOIS TENDANT A PREVENIR OU A REPRIMER LES ACTES DISCRIMINATOIRES OU XENOPHOBES ET L'ADOPTION DE TELLES LOIS PAR LES ETATS QUI NE L'ONT PAS ENCORE FAIT.,

D) LA MISE EN OEUVRE D'EFFORTS AU NIVEAU NATIONAL, REGIONAL LOCAL VISANT A FACILITER UNE INTEGRATION HARMONIEUSE DE COMMUNAUTE DIFFERENTES.,

E) UN EFFORT PARTICULIER DE FORMATION ET D'INFORMATION DES JEUNES SUR LE PROBLEME DU RACISME.,

F) LA RECONNAISSANCE AUX ORGANISATIONS INTERESSEES A LA LUTT CONTRE LE RACISME ET LA XENOPHOBIE, DU DROIT D'INTENTER OU D'APPUY UNE ACTION EN JUSTICE, DANS LA MESURE COMPATIBLE AVEC LE SYSTEME D DROIT DE L'ETAT CONCERNE.,

G) LE DEVELOPPEMENT D'UNE ASSISTANCE JUDICIAIRE AFIN DE METTRE LES INTERESSES EN ETAT DE DEFENDRE LEURS DROITS.''
==FIN DE CITATION==

PAGE TROIS

==DEBUT CITATION==
'' DROIT DE L'ENFANT.
LES ETATS PARTICIPANTS,
CONSIDERANT QUE LA PROTECTION ET LE DEVELOPPEMENT DE L'ENFANT ENTF NATURELLEMENT DANS LE CADRE DE LA DIMENSION HUMAINE, REAFFIRMANT (LES DROITS DE L'ENFANT NECESSITENT UNE PROTECTION SPECIALE ET EXI(UNE AMELIORATION CONSTANTE DE LA CONDITION DE L'ENFANT,
DESIREUX D'ACCROITRE LEUR COOPERATION ET LEUR ACTION DANS CE DOMA ESSENTIEL,
SE FELICITANT A CET EGARD DE LA TENUE A NEW YORK, AU MOIS DE SEPTE BRE 1990, DU SOMMET MONDIAL POUR L'ENFANCE, QUI INTERVENANT APRES DECLARATIONS DE 1924 ET 1959, OFFRIRA LA POSSIBILITE DE MOBILISER COMMUNAUTE INTERNATIONALE EN FAVEUR D'ACTIONS DESTINEES A ASSURER SURVIE, LA PROTECTION ET LE DEVELOPPEMENT DE L'ENFANT.
CONVAINCUS QUE LA CONVENTION INTERNATIONALE RELATIVE AUX DROITS D L'ENFANT, EN TANT QUE PREMIER TEXTE CONTRAIGNANT EN LA MATIERE, E UNE CONTRIBUTION ESSENTIELLE A LA PROTECTION DES DROITS ET DU BIE ETRE DES ENFANTS.

DECIDENT D'ATTACHER UNE ATTENTION PARTICULIERE A LA RECONNAISSANCE DES DROITS DE L'ENFANT, SES DROITS CIVILS ET SES LIBERTES INDIVIDUELLES, SES DROITS ECONOMIQUES, SOCIAUX ET CULTURELS, ET SON DROIT A UNE PROTECTION PARTICULIERE CONTRE TOUTE FORME DE VIOLENCE ET D'EXPLOITATION.
S'ENGAGENT A PRENDRE LES MESURES NECESSAIRES POUR ASSURER LA PLEINE RECONNAISSANCE DE CES DROITS DANS LEUR LEGISLATION NATIONALE, ENVISAGENT, A TITRE PRIORITAIRE, D'ETRE PARTIES A LA CONVENTION DES DROITS DE L'ENFANT QUI A ETE OUVERTE A LA SIGNATURE DES ETATS LE 16 JANVIER 1990'. ==FIN DE CITATION==

COREU PARIS
FIN DE TEXTE

YYYY

DISTRIBUTION 40

MAIN 38

LIMITED
UND
LEGAL ADV
ECD(E)
RID
CSCE U

MR P J WESTON
MR GREENSTOCK
MR KERR
MR TAIT
MR SLATER

ADDITIONAL 2

HD/ECD/ODA

MR APPLEYARD, CABINET OFFICE

NNNN

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

EHG(D)90(21)

19 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

NON-PROLIFERATION

OBJECTIVE

- To support the joint declaration on non-proliferation.

POINTS TO MAKE

- Common declaration on non-proliferation particularly valuable in run up to Fourth Non-Proliferation Treaty Review Conference. Support draft text agreed in Political Committee.

Reference:

A - Dublin telno 354

Background

Common declaration by the Twelve

1. A draft statement on non-proliferation, formulated by the Non-Proliferation Working Group on the basis of a text
A circulated by the Irish Presidency, was agreed by the Political Committee on 19/20 April. If the draft is adopted, it will be the first time that the European Council has made a declaration on non-proliferation. This will be particularly opportune in advance of the Fourth Non-Proliferation Treaty Review Conference (20 August - 14 September). The draft is not ideal from our point of view, but we believe it is an acceptable compromise, which overcomes two inherent difficulties:

(a) France is not party to the NPT (although she has undertaken to behave as if she were). This makes any direct reference to support for the NPT by the Twelve (para 1 of the draft text), which we would of course prefer, unacceptable to the French. Hence the references to the non-proliferation regime, and the statement that "the NPT is an important element in that regime".

(b) There is a divergence of views between member states who believe that nuclear energy has a positive and increasing role to play, and those (in particular the Irish and the Danes) who believe that the potential dangers outweigh the benefits. France (a keen proponent of nuclear

energy) would have liked a more direct reference to the benefits of nuclear energy, particularly in the light of increasing demand for electricity, in para 4 of the draft text; others wanted no such reference, or at least a stronger corresponding reference to the dangers associated with nuclear energy.

2. The present text is the fruit of skilful and patient chairmanship by the Irish, combined with the helpful attitude of the French delegation.

Enter + pm
my 23/4

(69)

CONFIDENTIAL

Sen 083/7

RECEIVED
26 APR 1990
DESK
INDEX

TOP COPY
Q DIST ?

021332
MDLIAN 5598

CONFIDENTIAL
FM DUBLIN
TO PRIORITY FCO
TELNO 354
OF 201515Z APRIL 90
INFO ROUTINE EC POSTS,MOSCOW,WASHINGTON,TOKYO,PEKING
INFO ROUTINE UKMOS NEW YORK,UKMIS VIENNA,UKDEL NATO
INFO SAVING STRASBOURG

POLITICAL COMMITTEE, DUBLIN, 19/20 APRIL : NON-PROLIFERATION

SUMMARY
1. DRAFT STATEMENT ON NON-PROLIFERATION FOR DUBLIN EUROPEAN COUNCIL IN JUNE AGREED.

DETAIL
2. MURPHY (PRESIDENCY) SAID HE HOPED THE COMMITTEE COULD ENDORSE THE DRAFT STATEMENT PREPARED BY THE WORKING GROUP. IT WAS INTENDED FOR ISSUE BY HEADS OF STATE AND GOVERNMENT AT THE EUROPEAN COUNCIL IN JUNE. HE NOTED THAT IT WOULD BE THE FIRST TIME THE TWELVE HAD MADE A STATEMENT ON NON-PROLIFERATION AT THAT LEVEL.DE LACOSTE (FRANCE) SAID THE TEXT HAD BEEN SKILLFULLY DRAFTED TO TAKE ACCONUT OF WELL KNOWN SENSITIVITIES. HE HOPED IT WOULD NOT BE SUBJECT TO FURTHER AMENDMENT BEFORE JUNE.

3. BURGHARDT (COMMISSION) SAID THAT MINOR EDITORIAL CHANGES WOULD BE NEEDED TO FOLLOW THE NORMAL FORMAT OF STATEMENTS ISSUED IN THE NAME OF THE EUROPEAN COUNCIL. SUCH CHANGES WOULD ALSO ENSURE THAT THE STATEMENT REFLECTED THE COMPETENCE THE COMMUNITY ENJOYED IN CERTAIN AREAS THROUGH EURATOM.MURPHY ACCEPTED THIS,BUT MADE A POINT OF SAYING THAT THE TEXT WOULD HAVE STILL TO REFER IN PLACES TO QUOTE THE TWELVE UNQUOTE, BECAUSE THE ISSUES INVOLVED WERE MATTERS OF NATIONAL RESPONSIBILITY.

4. FOLLOWING IS AGREED TEXT.
BEGINS

1. THE THE TWELVE MEMBER STATES OF THE EUROPEAN COMMUNITY STRONGLY SUPPORT AND ARE FULLY COMMITTED TO THE OBJECTIVE OF NUCLEAR NON-PROLIFERATION. THEY BELIEVE THAT THE FURTHER SPREAD OF NUCLEAR WEAPONS OR OTHER NUCLEAR EXPLOSIVE DEVICES WOULD ENDANGER STABILITY AND THREATEN REGIONAL AND GLOBAL SECURITY. THE TWELVE ATTACH THE GREATEST IMPORTANCE TO THE MAINTENANCE OF AN EFFECTIVE INTERNATIONAL NUCLEAR NON-PROLIFERATION REGIME AND WILL MAKE EVERY EFFORT TO

CONTRIBUTE TO STRENGTHENING NON-PROLIFERATION AND ENCOURAGING THE PARTICIPATION OF FURTHER COUNTRIES IN THE REGIME. THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS (NPT) IS AN IMPORTANT ELEMENT IN THAT REGIME. THE TWELVE,PARTIES TO THE NPT OR NOT,WILL WORK ACTIVELY TO SECURE A SUCCESSFUL OUTCOME TO THE DISCUSSIONS WHICH WILL TAKE PLACE IN THE FORTHCOMING MONTHS, AND IN PARTICULAR THE DELIBERATIONS OF THE FOURTH REVIEW CONFERENCE OF THE NPT, AND HOPE THAT THOSE DISCUSSIONS WILL PROVIDE STABLE AND ASSURED SOLUTIONS TO THE PROBLEMS ENCOUNTERED BY THE INTERNATIONAL COMMUNITY IN PREVENTING THE SPREAD OF NUCLEAR WEAPONS. THE MEMBER STATES OF THE EUROPEAN COMMUNITY EXPRESS THEIR CONCERN THAT THERE IS A CONTINUING RISK THAT FURTHER COUNTRIES MAY ACQUIRE NUCLEAR WEAPONS AND THAT A NUMBER OF COUNTRIES REMAIN OUTSIDE THE NON-PROLIFERATION REGIME. THE TWELVE CALL ON ALL STATES TO JOIN IN EFFORTS TO ELIMINATE THIS RISK OF NUCLEAR PROLIFERATION.

2. THE TWELVE RECOGNISE THE INDISPENSABLE ROLE PLAYED BY THE IAEA AND ITS SAFEGUARDS IN THE DEVELOPMENT OF THE PEACEFUL USES OF NUCLEAR ENERGY.THEY RECOGNISE THAT THESE SAFEGUARDS ARE THE CORNERSTONE OF AN EFFECTIVE NON-PROLIFERATION REGIME. THEY REAFFIRM THE NEED FOR THE PEACEFUL APPLICATION OF NUCLEAR ENERGY TO TAKE PLACE UNDER CREDIBLE, EFFECTIVE AND EFFICIENT INTERNATIONAL SAFEGUARDS. IN THIS CONNEC-TION, THEY RECALL THE IMPORTANT CONTRIBUTION OF EURATOM SAFEGUARDS. FOR THEIR PART, THE TWELVE HAVE ACCEPTED, IN ACCORDANCE WITH THEIR RESPECTIVE INDIVIDUAL STATUS, THE EXERCISE OF INTERNATIONAL CONTROLS ON THEIR NUCLEAR INSTALLATIONS AND APPLY CONSTRAINTS TO THEIR EXPORT POLICIES. THE TWELVE STRONGLY SUPPORT THE APPLICATION OF SAFEGUARDS ON AS UNIVERSAL A BASIS AS POSSIBLE. THEY CALL ON OTHER STATES TO SUBSCRIBE TO SIMILAR COMMITMENTS.

3. THE TWELVE BELIEVE IN THE NEED FOR AN EQUITABLE AND STABLE FRAMEWORK FOR INTERNATIONAL NUCLEAR TRADE. THE TWELVE HAVE COLLECTIVELY ADHERED TO THE NUCLEAR SUPPLIERS GROUP GUIDELINES, THEREBY ASSUMING A BASIC COMMON DISCIPLINE FOR THEIR NUCLEAR EXPORTS. THEY EXPRESS THE HOPE THAT OTHER COUNTRIES WILL CONDUCT THEIR NUCLEAR EXPORT POLICIES ON A SIMILAR BASIS. WITHIN THE FRAMEWORK OF GUIDELINES FOR NUCLEAR TRADE, THE TWELVE WISH TO CO-OPERATE WITH ALL COUNTRIES, ESPECIALLY DEVELOPING COUNTRIES. WHILE MAINTAINING AND FURTHER DEVELOPING THE EXISTING NON-PROLIFERATION REGIME, THE TWELVE WILL WORK TO UPHOLD THE RIGHT OF ALL COUNTRIES TO THE DEVELOPMENT OF RESEARCH, PRODUCTION AND USE OF NUCLEAR ENERGY FOR PEACEFUL PURPOSES.

4. IN A CONTEXT WHERE SEVERAL COUNTRIES IN VARIOUS REGIONS OF THE

WORLD PERCEIVE AN INCREASING ROLE FOR NUCLEAR ENERGY, THE TWELVE BELIEVE THAT THE DEVELOPMENT OF THE PEACEFUL USES OF NUCLEAR ENERGY SHOULD BE INSEPARABLE FROM NECESSARY ACTION TO ELIMINATE THE RISK OF PROLIFERATION OF NUCLEAR ARMS,AND SHOULD BE ACCOMPANIED BY THE UTMOST ATTENTION TO SAFETY. IN THAT REGARD THE TWELVE HAVE PROPOSED THAT THE IAEA CONVENE A TECHNICAL CONFERENCE IN 1991, TO REVIEW THE SITUATION IN THE FIELD OF NUCLEAR SAFETY AS WELL AS TO FORMULATE RECOMMENDATIONS ON FURTHER MEASURES FOR IMPROVING SAFETY IN ORDER TO SUPPLEMENT EXISTING MEASURES IN THIS FIELD.

5. THE TWELVE REAFFIRM ONCE AGAIN THEIR SUPPORT FOR THE OBJECTIVE OF THE NON-PROLIFERATION OF NUCLEAR WEAPONS AND WILL CONTINUE TO WORK IN A SPIRIT OF DIALOGUE AND CO-OPERATION IN ORDER TO ENLARGE THE INTERNATIONAL CONSENSUS IN FAVOUR OF AN EFFECTIVE NON-PROLIFERATION REGIME.
ENDS

THORP

YYYY

DISTRIBUTION 88

MAIN 87

NON PROLIFERATION TREATY
LIMITED
SEND
SECPOL D
ACDD
DEFENCE D
PLANNERS
NEWS D
PUSD
RESEARCH D
LEGAL ADVISERS
PS
PS/MR WALDEGRAVE
PS/PUS
MR P J WESTON
MR BROOMFIELD
MR GOULDEN

SAVING 1

STRASBOURG

NNNN

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

EHG(D)90(22)

19 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

CYPRUS

OBJECTIVE

- To reject any proposal for a Council Statement on Cyprus which includes language linking EC/Turkey relations with Cyprus.

POINTS TO MAKE

- No pressing need for a statement now. Would come better after completion of UN consultations with the parties and the Secretary-General's further report.

- But would not oppose, subject to removal of "Reiterating that the Cyprus problem affects EC-Turkey relations". See no need to go beyond satisfactory statement agreed at 28 April Informal European Council.

(If pressed)
- Do not accept this restates an agreed Community position. 1988 Luxembourg agreement was based on erroneous assumption that Turks had accepted linkage. The Commission's avis (which mentions Cyprus) represents the Commission's position, not the Community's.

- Cannot agree to Council statement if phrase retained. Turks would see it as irrevocable EC move away from even-handed approach to Cyprus problem.

(IF RAISED)
- Continue to believe Cyprus application for EC membership premature in advance of intercommunal settlement.

Reference(s): A: Security Council Resolution 649
B: Luxembourg telno 179
C: Luxembourg telno 180
D: Informal EC Summit statement of 28 April
E: UKREP Brussels telno 1756

BACKGROUND

General

1. This may be a contentious item. The Greeks are keen on a statement explicitly linking EC relations with Turkey to the Cyprus problem. This would serve no useful purpose. It could well undermine better focussed and less public approaches we may need to make to the Turks to get them to move on Cyprus. But we are likely to be in good company in opposing it.

Intercommunal Talks

2. The talks remain stalled. UN officials are holding consultations in Cyprus with the two community leaders, to find a
A basis for resuming the talks, building on SCR 649. The Secretary-General is expected to be in a position to report progress to the Security Council around the end of June.

3. President Vassiliou and Mr Mitsotakis are keen on securing some concession from the Turkish Cypriots to improve the climate for the intercommunal talks. A number of variants are being discussed, the main component being the return of Varosha (the closed suburb of Famagusta) to the Greek Cypriots. Mr Mitsotakis discussed CBMs with
B the UN Secretary-General recently. The UN's initial reaction has been cautious, but it will be for them to run with the ball if they

see the possibility of constructing a balanced package, offering something to both sides.

Proposed European Council Statement

4. At the EPC Ministerial on 18 June the Greek Foreign Minister called for a statement on Cyprus by the European Council. He
C proposed a text which largely repeated that issued by the informal
D European Council on 28 April, but with the addition of the phrase - "Reiterating that the Cyprus problem affects EC-Turkey relations".

5. A new statement of the Community's position is not strictly necessary while UN consultations are still in progress. We would not oppose one, if there is a consensus. But the proposed linkage to EC/Turkey relations is unacceptable. The Turks would see it as the definitive signal that the Community had abandoned their even-handed approach to the Cyprus problem and our ability to get them to exert influence effectively on Denktash in the short to medium term would vanish. It would also be likely to further harden Turkish attitudes, making the UN's job even harder.

6. Since he became Prime Minister in April Mr Mitsotakis has made clear he sees progress over Cyprus as a pre-requisite for an improvement in Greek/Turkish relations. Mr Samaras' ploy is part and parcel of this approach. It seeks to build on:

(a) their claim that the Twelve agreed in April 1988 to similar language; and

(b) the reference in the Commission avis on Turkey's EC membership application: "Examination of the political aspects of the accession of Turkey would be incomplete if it did not consider .... the situation in Cyprus".

7. The second point is easy to dispose of: the Commission's avis does not bind member states. But, the Greeks may hark back to Luxembourg in April 1988, when the Twelve attempted to agree a common position before an EC/Turkey Association Council They may attempt to hold partners to an alleged agreement to similar

language. But this was based on a false premiss: the German Presidency told partners that the Turks had agreed to language on linkage; we and others therefore went along with it, only to find that the Turks were vehemently opposed ; but the Greeks would not back down, and after much acrimony the Association Council never took place. We take the view, which we believe other partners share, that the Twelve did not adopt any binding position then.

8. Our sticking point should be that we are willing to go as far as the 28 April statement, but no further.

EC/Cyprus

9. In October 1988 the Prime Minister advised President Vassiliou that a Cypriot application for EC membership would be premature in advance of an intercommunal settlement. We have renewed this advice repeatedly since then. Nevertheless it is likely that the Cypriots will submit a membership application in the near future, perhaps in July. Denktash has threatened to break off the intercommunal talks if the Greek Cypriots go ahead. We have instructed Nicosia and Ankara to take action with their host governments to try to minimise the fall-out for the intercommunal talks and are encouraging other EC partners to take similar action in Ankara, though there is apparently little enthusiasm to do so: most consider that little can be done to forestall the effects of an inevitable Cypriot application.

E 10. If the Cypriots submit an application, UKREP Brussels have recommended how it might be handled in the Foreign Affairs Council. The Secretary of State has agreed to this approach.

Southern European Department

19 June 1990

A S

Security Council

Distr.
GENERAL

S/RES/649 (1990)
12 March 1990

RESOLUTION 649 (1990)

Adopted by the Security Council at its 2909th meeting, on 12 March 1990

The Security Council,

Having considered the report of the Secretary-General of 8 March 1990 (S/21183) on the recent meeting between the leaders of the two communities in Cyprus and on his assessment of the current situation,

Recalling its relevant resolutions on Cyprus,

Recalling the statement of the President of the Security Council of 22 February 1990 (S/21160) calling upon the leaders of the two communities to demonstrate the necessary goodwill and flexibility and to co-operate with the Secretary-General so that the talks will result in a major step forward toward the resolution of the Cyprus problem,

Expressing its regret that, in the more than 25 years since the establishment of UNFICYP, it has not been possible to achieve a negotiated settlement of all aspects of the Cyprus problem,

Concerned that at the recent meeting in New York it has not been possible to achieve results in arriving at an agreed outline of an overall agreement,

1. Reaffirms in particular its resolution 367 (1975) as well as its support for the 1977 and 1979 high-level agreements between the leaders of the two communities in which they pledged themselves to establish a bi-communal Federal Republic of Cyprus that will safeguard its independence, sovereignty, territorial integrity and non-alignment, and exclude union in whole or in part with any other country and any form of partition or secession;

2. Expresses its full support for the current effort of the Secretary-General in carrying out his mission of good offices concerning Cyprus;

3. Calls upon the leaders of the two communities to pursue their efforts to reach freely a mutually acceptable solution providing for the establishment of a

/...

federation that will be bi-communal as regards the constitutional aspects and bi-zonal as regards the territorial aspects in line with the present resolution and their 1977 and 1979 high-level agreements, and to co-operate, on an equal footing, with the Secretary-General in completing, in the first instance and on an urgent basis, an outline of an overall agreement, as agreed in June 1989;

4. Requests the Secretary-General to pursue his mission of good offices in order to achieve the earliest possible progress and, toward this end, to assist the two communities by making suggestions to facilitate the discussions;

5. Calls on the parties concerned to refrain from any action that could aggravate the situation;

6. Decides to remain actively seized of the situation and the current effort;

7. Requests the Secretary-General to inform the Council in his report due by 31 May 1990 of the progress made in resuming the intensive talks and in developing an agreed outline of an overall agreement in line with the present resolution.

B
D46643
MDHIAN 5324
COPY
Q DIST ?

RESTRICTED
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 179
OF 181900Z JUNE 90
INFO IMMEDIATE NICOSIA, UKREP BRUSSELS
INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS, ANKARA
INFO ROUTINE UKMIS NEW YORK, WASHINGTON

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, LUXEMBOURG: 18 JUNE
EPC MINISTERIAL MEETING: CYPRUS

SUMMARY

1. GREECE CALLED FOR A STATEMENT AT NEXT WEEK'S EUROPEAN COUNCIL WHICH WOULD PUT PRESSURE ON TURKEY AND THE TURKISH CYPRIOTS TO RESUME THE DIALOGUE ON A SETTLEMENT TO THE CYPRUS PROBLEM.

DETAIL

2. SAMARAS (GREECE) SAID THAT THE DANGEROUS IMPASSE IN THE INTER-COMMUNAL DIALOGUE, WHICH AROSE FROM THE DEMANDS OF THE TURKISH CYPRIOTS COULD NOT BE ALLOWED TO CONTINUE. THE INTERNATIONAL COMMUNITY HAD EXPRESSED THEIR CONCERN, BUT THIS HAD FAILED TO INFLUENCE DENKTASH WHOSE ATTITUDE HAD HARDENED. DESPITE THIS, THE NEW GREEK GOVERNMENT CONTINUED TO SUPPORT A DIALOGUE AND CONFIDENCE-BUILDING MEASURES, AS THEY HAD MADE CLEAR DURING RECENT CONTACTS WITH THE UN SECRETARY GENERAL. THEY HOPED THAT THEIR SUPPORT FOR A DIALOGUE WOULD PROVE STRONGER THAN THE STUBBORNNESS OF THE TURKS AND THE TURKISH CYPRIOTS.

3. SAMARAS WENT ON TO DESCRIBE THE SITUATION IN CYPRUS AS INCOMPATIBLE WITH DEVELOPMENTS TAKING PLACE IN THE REST OF THE WORLD. IT WAS NOT RIGHT THAT WHEN THE TWO GERMAN STATES WERE SOON TO BE UNITED, CYPRUS SHOULD REMAIN PARTITIONED. THE EUROPEAN COUNCIL SHOULD DISCUSS THE CYPRUS PROBLEM AND ISSUE A STATEMENT REITERATING THE POSITION OF THE TWELVE INCLUDING THE FACT THAT THE CYPRUS PROBLEM AFFECTED THE EC'S RELATIONS WITH TURKEY. HE WAS THEREFORE SUBMITTING A DRAFT (TEXT IN MIFT) BASED ON AGREED LANGUAGE WHICH COULD BE ADOPTED AT THE EUROPEAN COUNCIL. PRESSURE OF THIS KIND WAS ESSENTIAL TO OVERCOME THE STUBBORNNESS OF TURKS AND TURKISH CYPRIOTS.

4. WESTON (UK) ASKED THAT THE DRAFT SHOULD BE DISCUSSED FIRST BY POLITICAL DIRECTORS. COLLINS (PRESIDENCY) CONCLUDED THAT THE GREEK DRAFT WOULD BE CONSIDERED BY THE EUROPEAN COUNCIL. HE WAS CONFIDENT THAT POLITICAL DIRECTORS WOULD HAVE THE OPPORTUNITY TO EXAMINE IT FIRST.

CAMPBELL

YYYY

DISTRIBUTION 131

MAIN 121

.CYPRUS
LIMITED
SED
UND
LEGAL ADVISERS
DEFENCE D
SECPOL D
WED
ECD(E)
RAD
INFO D
NEWS D
PUSD
PLANNERS
SOVIET D
KIEV UNIT
PS
PS/MR MAUDE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR GREENSTOCK

ADDITIONAL 10

CYPRUS

NNNN

C

046705
MDHIAN 5326

VH/PM

RESTRICTED
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 180
OF 181902Z JUNE 90
INFO IMMEDIATE NICOSIA, UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS, ANKARA
INFO ROUTINE UKMIS NEW YORK, WASHINGTON

MIPT: EPC MINISTERIAL MEETING: CYPRUS

1. FOLLOWING IS TEXT OF DRAFT STATEMENT PROPOSED BY GREECE:

''THE EUROPEAN COUNCIL DISCUSSED THE CYPRUS QUESTION IN THE LIGHT OF THE IMPASSE IN THE INTERCOMMUNAL DIALOGUE.

THE EUROPEAN COUNCIL, DEEPLY CONCERNED AT THE SITUATION, FULLY REAFFIRMS ITS PREVIOUS DECLARATIONS AND ITS SUPPORT FOR THE UNITY, INDEPENDENCE, SOVEREIGNTY AND TERRITORIAL INTEGRITY OF CYPRUS IN ACCORDANCE WITH THE RELEVANT U.N. RESOLUTIONS. REITERATING THAT THE CYPRUS PROBLEM AFFECTS EC-TURKEY RELATIONS, IT STRESSES THE NEED FOR THE PROMPT ELIMINATION OF THE OBSTACLES THAT ARE PREVENTING THE PURSUIT OF EFFECTIVE INTERCOMMUNAL TALKS AIMED AT FINDING A JUST AND VIABLE SOLUTION TO THE QUESTION OF CYPRUS ON THE BASIS OF THE MISSION OF GOOD OFFICES OF THE SECRETARY GENERAL, AS IT WAS RECENTLY REAFFIRMED BY RESOLUTION 649/90 OF THE SECURITY COUNCIL.''

CAMPBELL

YYYY

DISTRIBUTION 131

MAIN 121

.CYPRUS
LIMITED
SED
UND
LEGAL ADVISERS
DEFENCE D
SECPOL D
WED
NEWS D
PUSD
PLANNERS
SOVIET D
KIEV UNIT
PS
PS/MR MAUDE
PS/MR SAINSBURY

D

044370
MDHIAN 8485

CONFIDENTIAL
FM DUBLIN
TO IMMEDIATE FCO
TELNO 387
OF 290030Z APRIL 90
AND TO DESKBY 300800Z ROME
INFO IMMEDIATE ANKARA, NICOSIA, UKMIS NEW YORK, EC POSTS

ROME FOR ATTENTION OF PS/CHANCELLOR OF EXCHEQUER AND TARKOWSKI

FOLLOWING FROM HANNAY

EUROPEAN COUNCIL: 28 APRIL: CYPRUS
FOLLOWING IS TEXT
THE EUROPEAN COUNCIL DISCUSSED THE CYPRUS QUESTION IN THE LIGHT OF THE IMPASSE IN THE INTERCOMMUNAL DIALOGUE.

THE TWELVE, DEEPLY CONCERNED AT THE SITUATION, FULLY REAFFIRM THEIR PREVIOUS DECLARATIONS AND THEIR SUPPORT FOR THE UNITY, INDEPENDENCE, SOVEREIGNTY AND TERRITORIAL INTEGRITY OF CYPRUS IN ACCORDANCE WITH THE RELEVANT UN RESOLUTIONS. THEY STRESS THE NEED FOR A PROMPT RESUMPTION OF THE INTERCOMMUNAL TALKS ON THE BASIS OF THE MISSION OF GOOD OFFICES OF THE SECRETARY-GENERAL, AS WAS RECENTLY REAFFIRMED BY RESOLUTION 649/90 OF THE SECURITY COUNCIL.

FENN

YYYY

DISTRIBUTION 259

MAIN 253

.COREU
.MEETINGS OF FOREIGN MINISTERS
.AND THE POLITICAL COMMITTEE
LIMITED
ECD(E)
ECD(I)
FED
MED
NENAD
SEAD
DEFENCE D
ACDD
FID
SEND
MCAD
SAMD
CSCE UNIT
POD

027427
MDHIAN 75

E &D

CONFIDENTIAL
FM UKREP BRUSSELS
TO IMMEDIATE FCO
TELNO 1756
OF 121520Z JUNE 90
INFO IMMEDIATE NICOSIA
INFO ROUTINE EUROPEAN COMMUNITY POSTS, ANKARA, UKMIS NEW YORK
INFO ROUTINE WASHINGTON

FRAME EXTERNAL

EC/CYPRUS: HANDLING OF APPLICATION FOR MEMBERSHIP

SUMMARY

1. RECOMMENDATION FOR HANDLING A CYPRIOT MEMBERSHIP APPLICATION.

DETAIL

2. I UNDERSTAND THAT WE ARE ORGANISING SOME DISCREET CONTACTS WITH LIKE-MINDED MEMBER STATES TO SEE WHETHER THEY WOULD BE READY TO LOBBY IN NICOSIA AGAINST AN APPLICATION AND THAT WE ARE, IN ANY CASE, LIKELY TO MAKE FURTHER REPRESENTATIONS OF OUR OWN. NEVERTHELESS, WE NEED TO THINK AHEAD IN CASE WE ARE UNABLE TO DISSUADE THE CYPRIOTS, AND IT IS NOT TOO SOON TO CONSIDER HOW WE SHOULD HANDLE AN APPLICATION IN THE COUNCIL.

3. IN CONSIDERING THE LINE WE SHOULD TAKE, WE NEED TO BEAR IN MIND THREE FACTORS:

(I) THE HANDLING OF THE TWO MOST RECENT APPLICATIONS (TURKEY AND AUSTRIA) HAS ESTABLISED, AFTER LENGTHY AND OFTEN FRAUGHT DISCUSSSION IN COREPER AND IN THE COUNCIL, NOT ONLY THAT REFERRAL OF SUCH BIDS TO THE COMMISSION SHOULD BE RAPID AND AUTOMATIC BUT THAT THE ACT OF REFERRAL IS IN ITSELF NEUTRAL AND IMPLIES NO JUDGEMENT ON THE MERITS OF THE APPLICATION.

(II) THE INTER-COMMUNAL DISPUTE (WHICH IS EXPLICITLY CATERED FOR IN THE EC/CYPRUS ASSOCIATION AGREEMENT) INTRODUCES A SPECIAL ELEMENT, WHICH THE COUNCIL CAN HARDLY IGNORE IN RESPONDING TO THE APPLICATION, PARTICULARLY SINCE THE CYPRUS GOVERNMENT IS LIKELY TO HAVE ACTED WITHOUT CONSULTING THE TURKISH CYPRIOTS AND INDEED IN DEFIANCE OF THEIR EXPRESS VIEWS.

(III) REFERRAL WILL BE A PROCEDURAL DECISION BY THE COUNCIL, WHICH

REQUIRES ONLY A SIMPLE MAJORITY IE. SEVEN MEMBER STATES IN FAVOUR. THIS WAS ESTABLISHED WHEN TINDEMANNS, THEN PRESIDENT OF THE COUNCIL OVERRULED PANGALOS' ATTEMPT TO BLOCK REFERRAL OF THE TURKISH APPLICATION IN 1987.

4. THE INTER-COMMUNAL DISPUTE IS DIRECTLY REFLECTED IN THE EC/CYPRUS ASSOCIATION AGREEMENT IN TWO WAYS:

(A) ARTICLE 5 OF THE 1973 EC/CYPRUS AGREEMENT LAYS DOWN THAT THERE SHOULD BE NO DISCRIMINATION IN MATTERS OF TRADE WHERE BENEFITS OF THE AGREEMENT ARE CONCERNED. SINCE THE DIVISION OF THE ISLAND IN 1974, WE HAVE RELIED ON THIS ARTICLE IN ARGUING OUR CASE ON PHYTOSANITARY CERTIFICATES AND THE CONTINUATION OF AGRICULTURAL EXPORTS FROM THE NORTH. THE CYPRIOT GOVERNMENT IS NOW AGAIN TRYING TO INTERFERE WITH THAT.

(B) THE COMMUNITY HAS FORMALLY STATED AT THE TIME OF SIGNATURE OF EACH OF THE THREE FINANCIAL PROTOCOLS (IE. EC BUDGETARY ASSISTANCE) THAT THESE FUNDS SHOULD BE AVAILABLE TO THE WHOLE ISLAND.

5. IN VIEW OF THE PRECEDENTS, I DOUBT IF IT WOULD BE WISE FOR US TO TRY TO BLOCK THE REFERRAL OF A CYPRIOT APPLICATION TO THE COMMISSION. GIVEN THE FACT THAT REFERRAL REQUIRES ONLY A SIMPLE MAJORITY, THIS WOULD NOT BE A REALISTIC OBJECTIVE. BUT I BELIEVE THAT THERE WOULD BE CONSIDERABLE SUPPORT IN THE COUNCIL FOR INCLUDING IN THE REFERRAL TO THE COMMISSION AN EXPLICIT REFERENCE TO THE CONTINUING DIVISION OF THE ISLAND. THIS COULD TAKE THE FORM OF A MENTION OF THE NEED FOR THE COMMISSION TO CONSIDER THE APPLICATION IN THE LIGHT OF ARTICLE 5 OF THE ASSOCIATION AGREEMENT AND THE PRINCIPLE THAT THE ASSOCIATION SHOULD BE OF BENEFIT TO THE WHOLE POPULATION OF THE ISLAND.

6. SUCH AN EXPLICIT REFERENCE COULD HELP TO CALM THE INEVITABLE TURKISH CYPRIOT (AND TURKISH) AGITATION AGAINST THE APPLICATION. IT WOULD ALSO WARN THE CYPRUS GOVERNMENT THAT THEIR CONTINUED ACTIVITIES IN ATTEMPTING TO PREVENT THE BENEFITS OF THE ASSOCIATION ACCRUING TO THE NORTHERN PART OF THE ISLAND WERE LIKELY TO HAVE A PREJUDICIAL EFFECT ON THE FURTHER HANDLING OF THEIR MEMBERSHIP APPLICATION.

7. WHATEVER LINE WE ARE GOING TO TAKE IN THE FACE OF A CYPRUS MEMBERSHIP APPLICATION, IT IS CLEARLY DESIRABLE TO DO WHAT WE CAN IN ADVANCE DISCREETLY TO MUSTER SUPPORT FOR IT IN THE KEY EC CAPITALS.

HANNAY

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

EHG(D) 90 (23)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

CHINA

OBJECTIVES

1. To accept the position on EC policy towards China adopted by 18 June Foreign Affairs Council.

2. But to emphasise importance of EC not being left behind other Western countries in restoring relations with China.

POINTS TO MAKE

1. Disappointed that partners were unable to agree to UK proposals for relaxation of measures towards China. Continue to believe that a more forward looking policy is appropriate.

2. Recognise importance of EC solidarity on this issue. But also important to continue to keep policy under review, particularly in light of actions of others.

3. Lack of movement involves risk of EC being left behind if others (eg Japan, Canada) seek to go their own way after Houston.

References: A: Madrid European Council Declaration on China
B: Luxembourg telno 193 and 221: FAC discussion on China

BACKGROUND

A 1. There has been some relaxation in the Madrid Council measures against China. In the margins of the Strasbourg Council partners agreed to relax the suspension of export credits and to support the resumption of new World Bank lending, for basic human needs projects only.

2. As part of our efforts to provide a better context for our dealings with China over Hong Kong, we have been arguing within the EC for further relaxation of the Madrid measures. In particular we have been seeking relaxation of:

(i) the suspension of Ministerial visits
(ii) the suspension of concessional finance for new development projects
(iii) the remaining restrictions on cultural, scientific and technical cooperation.

We have not sought any relaxation of the ban on arms sales or of the suspension of military cooperation.

3. We have based our proposals on: the need not to isolate China (an important regional/UN player which West should re-engage politically); the need to encourage those within China working for reform; the need to recognise recent positive gestures from Chinese (eg releases of detainees); the need to stay in step with other Western countries.

4. Partners have, however, been unwilling to agree to such a relaxation. Portugal, Italy and Spain have given some support. But others, in particular France and the Netherlands, maintain that there has been insufficient progress in the human rights situation in China to justify any relaxation.

B 5. Foreign Ministers on 18 June agreed only to an earlier proposal that Troika Ministers should meet the Chinese Foreign Minister in the margins of UNGA; and that thereafter the Twelve should review the situation, including possible relaxation on Ministerial contacts and of scientific and cultural cooperation. They, however, raised no difficulties over the proposed visit to China by Mr Maude in late July (which the Chinese have now agreed). Partners have recognised our and Portugal's special needs for maintaining contacts with the Chinese.

6. Meanwhile, there are signs that other partners may be seeking to move ahead in their own relations with China. Japan has advocated to G7 partners a relaxation of the measures against China. They appear to be clearing the way for going ahead with their stalled Yen 810bn development loan once the Houston Summit has passed. The US continues to adopt a hard line on World Bank lending to China (still restricted to human needs loans only). Other G7 members have gone along with their wish that there should be no change in lending policy until after the Houston Summit.

7. Commercial pressures for a relaxation of the suspension of concessional finance are also growing, together with (predictable) accusations from British companies that other EC partners are not abiding by the Madrid Declaration. This pressure will increase sharply if Japan goes ahead with its own development loans to China following Houston.

(A)

DECLARATION ON CHINA

THE EUROPEAN COUNCIL, RECALLING THE DECLARATION OF THE TWELVE OF JUNE 6, STRONGLY CONDEMNS THE BRUTAL REPRESSION TAKING PLACE IN CHINA. IT EXPRESSES ITS DISMAY AT THE PURSUIT OF EXECUTIONS IN SPITE OF ALL THE APPEALS OF THE INTERNATIONAL COMMUNITY. IT SOLEMNLY REQUESTS THE CHINESE AUTHORITIES TO STOP THE EXECUTIONS AND TO PUT AND END TO THE REPRESSIVE ACTIONS AGAINST THOSE WHO LEGITIMATELY CLAIM THEIR DEMOCRATIC RIGHTS.

THE EUROPEAN COUNCIL REQUESTS THE CHINESE AUTHORITIES TO RESPECT HUMAN RIGHTS AND TO TAKE INTO ACCOUNT THE HOPES FOR FREEDOM AND DEMOCRACY DEEPLY FELT BY THE POPULATION. IT UNDERLINES THAT THIS IS AN ESSENTIAL ELEMENT FOR THE PURSUIT OF THE POLICY OF REFORMS AND OPENNESS THAT HAS BEEN SUPPORTED BY THE EUROPEAN COMMUNITY AND ITS MEMBER STATES.

THE TWELVE ARE AWARE THAT THE RECENT EVENTS HAVE CAUSED GREAT ANXIETY IN HONG KONG.

IN THE PRESENT CIRCUMSTANCES, THE EUROPEAN COUNCIL THINKS IT NECESSARY TO ADOPT THE FOLLOWING MEASURES:

- RAISING THE ISSUE OF HUMAN RIGHTS IN CHINA IN THE APPROPRIATE INTERNATIONAL FORA: ASKING FOR THE ADMITTANCE OF INDEPENDENT OBSERVERS TO ATTEND THE TRIALS AND TO VISIT THE PRISONS,

- INTERRUPTION BY THE MEMBER STATES OF THE COMMUNITY OF MILITARY COOPERATION AND AN EMBARGO ON TRADE IN ARMS WITH CHINA.

- SUSPENSION OF BILATERAL MINISTERIAL AND HIGH LEVEL CONTACTS,

POSTPONEMENT BY THE COMMUNITY AND ITS MEMBER STATES OF NEW COOPERATION PROJECTS,

- REDUCTION OF PROGRAMMES OF CULTURAL, SCIENTIFIC AND TECHNICAL COOPERATION TO ONLY THOSE ACTIVITIES THAT MIGHT MAINTAIN A MEANING IN THE PRESENT CIRCUMSTANCES,

- PROLONGATION BY THE MEMBER STATES OF VISAS TO THE CHINESE STUDENTS WHO WISH IT,

TAKING INTO ACCOUNT THE CLIMATE OF UNCERTAINTY CREATED IN THE ECONOMIC FIELD BY THE PRESENT POLICY OF THE CHINESE AUTHORITES, THE EUROPEAN COUNCIL ADVOCATES THE POSTPONEMENT OF THE EXAMINATION OF NEW REQUESTS FOR CREDIT INSURANCE AND THE POSTPONEMENT OF THE EXAMINATION OF NEW CREDITS OF THE WORLD BANK.

047520
MDADAN 1762

ADVANCE COPY

CONFIDENTIAL
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 193
OF 181945Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS, PEKING, HONG KONG
INFO PRIORITY WASHINGTON
INFO ROUTINE CANBERRA, TOKYO, OTTAWA, SEOUL, UKMIS NEW YORK, MOSCOW
INFO ROUTINE UKDEL NATO

FRAME EXTERNAL

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE
EPC:CHINA

SUMMARY

1. MINISTERS AGREE ONLY ON A TROIKA VISIT TO CHINA IN THE AUTUMN AT MINISTERIAL LEVEL. OTHER ELEMENTS OF EPC WORKING GROUP REPORT NOT/NOT AGREED.

DETAIL

2. OVER LUNCH COLLINS (PRESIDENCY) INTRODUCED THE REPORT FROM THE EPC WORKING GROUP, PROPOSING A FURTHER RELAXATION OF EC MEASURES AGAINST CHINA, WHICH HAD BEEN ENDORSED BY THE POLITICAL COMMITTEE. DE DEUS PINHEIRO (PORTUGAL) NOTED THAT THE MACAU AUTHORITIES WERE KEEN TO ESTABLISH FURTHER CONTACTS WITH PEKING. YOU INFORMED COLLEAGUES OF THE VISIT TO CHINA BY MR MAUDE NEXT MONTH. IT WAS AGREED BY ALL THAT THE SPECIAL CASES OF THE UK AND PORTUGAL JUSTIFIED SUCH CONTACTS.

3. YOU THEN SPOKE IN SUPPORT OF THE WORKING GROUP REPORT, BUT SUGGESTED THAT ADDITIONAL MEASURES WERE NEEDED. FURTHER CONTACT WITH CHINA WAS NECESSARY TO AVOID IT BEING ISOLATED. IT REMAINED AN IMPORTANT PLAYER ON THE WORLD SCENE EG. AT THE UN, AND THOSE WHO FAVOURED REFORM NEEDED TO BE ENCOURAGED. THE THREE ECONOMIC MEASURES WHICH YOU PROPOSED FOR RELAXATION WERE NO LONGER HELPING AND, IF ANYTHING, WERE HURTING ORDINARY CHINESE WHO HAD BENEFITTED FROM TEN YEARS OF ECONOMIC REFORM. RELAXATION WOULD HELP THOSE IN CHINA, NOTABLY IN THE COASTAL PROVINCES, WHO WERE WORKING FOR A RETURN TO GENUINE REFORM. THE COMMUNITY ALSO NEEDED TO REMAIN IN STEP WITH,

BUT NOT TO FOLLOW, OTHER WESTERN COUNTRIES. IT COULD ONLY BE DAMAGING IF THE JAPANESE AND CANADIANS WARMED UP THEIR RELATIONS WITH CHINA MORE QUICKLY THAN DID THE EC. THERE WERE SIGNS THAT THE JAPANESE WERE PLANNING TO DO SO.

4. OTHER MINISTERS DID NOT ACCEPT THE ARGUMENT FOR A FURTHER RELAXATION OF PRESENT MEASURES. VAN DEN BROEK (NETHERLANDS) QUESTIONED WHETHER THERE HAD BEEN ANY IMPROVEMENT IN THE SITUATION. RELAXATION WOULD DAMAGE THE COMMUNITY'S CREDIBILITY. EYSKENS (BELGIUM) AGREED. IT WAS STILL TOO EARLY TO GO FURTHER. THE SITUATION ON HUMAN RIGHTS WAS STAGNANT. IT WOULD BE WRONG TO FAVOUR THE CHINESE OVER THE SOUTH AFRICAN GOVERNMENT. POOS (LUXEMBOURG) URGED THAT ANY DECISION ON RELAXATION SHOULD AWAIT A REPORT AFTER THE TROIKA VISIT TO PEKING IN THE AUTUMN. MRS ADAM-SCHWAETZER (FRG) AND FERNANDEZ ORDONEZ (SPAIN) AGREED. SO DID DUMAS (FRANCE) WHO URGED A REVIEW OF THE POSITION AFTER THE TROIKA VISIT.

5. COLLINS CONCLUDED THAT MINISTERS HAD AGREED ONLY TO AWAIT THE OUTCOME OF THE TROIKA VISIT, AND THEREAFTER TO REVIEW MINISTERIAL AND OTHER (INCLUDING CULTURAL AND TECHNICAL) CONTACTS.

CAMPBELL

UKREP DIST: PAKENHAM MADELIN GLYNN/EXT
YYYY

DISTRIBUTION 29

ADVANCE 29

NOBLE ECD(E) FCO
DAVIES FED FCO
L PARKER CAB
.FRAME EXTERNAL
PS
MR BAYNE
MR KERR
RESIDENT CLERK
HD/ECD(E)
HD/NEWS D
HD/ERD
MISS N BREWER ERD
MR D A HADLEY CABINET OFFICE
MR B BENDER CABINET OFFICE
MR L PARKER CABINET OFFICE
MS ANDERSON CABINET OFFICE
MR M. MERCER HMT
MR R ALLEN HMT
MR C W ROBERTS DTI VIC ST
MR T MUIR DTI VIC ST
J CLARKE OT2/1B DTI VIC ST
MR A MURRAY DTI VIC ST
MR HAGESTADT DTI VIC ST
MR D LOVE DTI VIC ST
PERMANENT SECRETARY MAFF
HD/ECFAD ODA
HD/ECD/ODA

052077
MDHIAN 5518

CONFIDENTIAL
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 221
OF 191451Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY EUROPEAN COMMUNITY POSTS, WASHINGTON, PEKING
INFO PRIORITY HONG KONG
INFO ROUTINE UKMIS NEW YORK, UKDEL NATO, CANBERRA, TOKYO, OTTAWA
INFO ROUTINE SEOUL, MOSCOW

FOREIGN AFFAIRS COUNCIL, LUXEMBOURG: 18 JUNE
LUXEMBOURG TELNO 193: EPC: CHINA

1. TUR REFERS TO A MINISTERIAL TROIKA VISIT TO CHINA IN THE AUTUMN. THE REFERENCE SHOULD HAVE BEEN TO THE REINSTATEMENT OF THE REGULAR TROIKA MEETING WITH THE CHINESE FOREIGN MINISTER AT THE UN GENERAL ASSEMBLY IN SEPTEMBER.

CAMPBELL

YYYY

DISTRIBUTION 233

MAIN 231

.FRAME EXTERNAL ECD (E) [-]

ADDITIONAL 2

FRAME
PS/NO 10 DOWNING ST

NNNN

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

EHG(D)90(24)

21 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

KASHMIR

OBJECTIVES

- To review present state of tensions between India and Pakistan over Kashmir.

- To confirm that no further action is necessary for the present by the Twelve; but if the others are very keen on a statement to ensure it is on the right lines.

POINTS TO MAKE

- Welcome action already taken by Twelve, and close coordination in Delhi and Islamabad.

- Despite reports of withdrawal of some armoured units on the Indian side, military preparations on both sides still at an advanced stage. Do not believe either side wants war, but risk of conflict remains high, at least until the monsoon season restricts the possibility of full scale military campaigning from July - September.

- Indian list of CBMs proposed to Pakistanis on 28 May, a welcome development. Pakistan has given relatively positive response. Both sides need now to build on this and actually agree and implement some CBMs, as UK has been urging. Message to this effect from Foreign Secretary to his opposite numbers in Delhi and Islamabad.

BUNAAM/1

- Do not believe there is more we could/should be doing now to urge restraint on both sides.

- May be time to consider further action if CBM proposals are unsuccessful. Partners' views?

- Essential that Twelve should not be seen to be taking sides: would reduce our ability to influence the situation.

(If necessary) could go along with a statement issued by the Council which:

a) was even handed between the two sides
b) called for restraint
c) encouraged both sides to work for early agreement to implement confidence building measures (CMBs)
d) offered assistance (eg on European experiences of CMBs) provided both sides wanted this.

REFERENCES

A: Twelve demarche in Islamabad and Delhi in February
B: Statement by the Twelve on 12 April
C: Text of lobbying note for EC Heads of Mission in Islamabad and Delhi
D: New Delhi telnos 727 and 728, on Indian CBM proposals
E: Islamabad telno 737 reporting Pakistan reponse
F: Text of proposed Twelve demarche in Islamabad and Delhi and UK comments
G: Texts of Secretary of State's messages to Yaqub Khan and Gujral.
H: Report of Gujral's response and of Yaqub Khan's response.

BACKGROUND

1. Both sides continue to take defensive military precautions. Both India and Pakistan are continuing purchases of ammunition and spare parts but there is evidence that the Indians have withdrawn some units from forward positions. Both sides deny that they want war, but we believe the steady military escalation itself increases the danger of war breaking out, although the monsoon season during the summer may make a military campaign less practicable until September/October. Politically, the tension between the two sides has eased slightly in recent weeks, with the proposal by the Indians of confidence building measures and a cautiously positive Pakistani response (see below) .

EC Action

2. The Twelve have been active in urging restraint on both sides in a number of moves:

A a) a confidential demarche in Islamabad and Delhi in February

B b) a Statement by the Twelve on 12 April

C c) briefings and lobbying of both Foreign Ministers by EC Heads of Mission in Islamabad and Delhi (10 and 11 May respectively)

d) collective briefing in Delhi on Gates mission (28 May) with opportunity for further lobbying

F e) Oral demarche in Islamabad (13 June) and Delhi (12 June) principally on confidence building measures.

3. The Twelve have been lobbied by the Pakistanis to agree to a fact finding mission to Kashmir to report on alleged human rights violations. The Asia Working Group of EC officials agreed on 31 May that the Twelve should not accede to the Pakistani request: it would undermine the Twelve's neutral stance and reduce our ability to continue urging restraint on both sides. In his briefing on 28 May, Dubey had made clear to EC heads of mission that any such proposal would be regarded as interference in India's internal affairs. The Pakistani government had planned to send a senior adviser to Dublin to lobby those attending the Council, but have since dropped the idea.

Future Action

4. We need above all to remain even-handed. Any attempt to get involved more closely is likely to be counterproductive, particularly if the Twelve are perceived by one side to be aligning themselves with the other. Following the latest demarche by the Twelve, the Political Committee agreed on 13 June that no further action was needed at present. However, if there is a call for the Council to issue a statement, there is no reason to oppose this, provided it is evenly balanced between the two sides and reinforces earlier EC appeals for both sides to show restraint and to build on the recent lowering tension by actively agreeing

BFIABN

and adopting some confidence building measures. If tension increases, the Twelve could:

a) consider a Troika visit to both capitals;

b) consider a visit to both capitals by a senior (eg Ministerial) Presidency representative.

c) consider, possibly during any such visit, making clear to both governments that any conflict would lead to a freeze on aid from EC countries to India and Pakistan.

Action by Others

5. The Americans have encouraged others including the Twelve to join in their lobbying of both governments to find a way of easing the recent tensions. They were present at the EC Heads of Mission meeting in Delhi on 11 May. The Deputy National Security Adviser, Gates, and Assistant Secretary of State Kelly, visited India and Pakistan (19-21 May) as the President's Special Envoys. Following Gates's mission the Indians suggested to the Pakistanis a list of confidence building measures including joint border controls, exchange of military delegations and an agreement to prevent airspace violations. This is a welcome practical move aimed at lessening tension. However, we must avoid getting involved in commending the individual measures, some of which will be controversial and difficult for Pakistan to accept. The Pakistani response has been cautiously positive, and has called for a meeting of Foreign Secretaries (ie PUS level) to take discussion forward.

Bilateral contacts

6. The Prime Minister received Miss Bhutto's envoy on 7 March, and subsequently wrote to her to encourage restraint. The Pakistan Minister for Water and Power (Leghari) visited London on 31 May, as Miss Bhutto's envoy,

to discuss Kashmir with Lord Brabazon. The Secretary of State discussed Kashmir with the Indian Prime Minister in Windhoek on 21 March, and with Gujral in Brussels on 5 March. Lord Brabazon discussed the situation during his visits to India and Pakistan in mid-February and in his meeting with Gujral on 27 April in London. Mrs Chalker repeated our concerns when she met V P Singh and Fernandes, then Minister with special responsibility for Kashmir, in Delhi on 2 May. The Secretary of State has sent a confidential message to his Indian and Pakistani counterparts. Gujral's reaction was positive. The message to Yaqub Khan could not be delivered before 19 June; a telegram from Islamabad reporting his reaction will follow.

South Asian Department
21 June 1990

RESTRICTED
FM ROM COREU
TO DUB COREU PRIORITE
INFO ALL COREU PRIORITE
CPE/ROM 133
2.3.90 20.00 HRS

DIFFUSION RESTREINTE

OBJET INDO-PAKISTANI DIFFERENCES OVER KASHMIR.

REF.: PRES/DUB 146.

ITALY WHISHES TO INFORM PARTNERS THAT A DEMARCHE ON BEHALF OF THE TWELVE WAS CARRIED OUT THE PAKISTANI AUTHORITIES IN ISLANABAD ON 25 FEBRUARY, CONCERNING THE ABOVE ISSUE AND ON TERMS OUILINED IN THE COREU UNDER REFERENCE.
THE FOREIGN MINISTER OF PAKISTAN, YAQUB KHAN, WHO RECEIVED THE ITALIAN AMBASSADOR, EXPRESSED APPRECIATION FOR THE ATTENTION OF THE COMMUNITY TO THE DIFFICULT PROBLEM OF KASHMIR AND FOR APPEAL TO SOLVE BY PEACEFUL MEANS THE CONFLICT IN THE REGION.
HE NEVERTHELESS POINTED OUT THAT RISING TENSION IN INDO-PAKISTANI RELATIONS IS A CONSEQUENCE OF INDIAN ATTITUDE TOWARDS KASHIMIRI POPULATION, PRECLUDING THE EXERCISE OF THE RIGHT OF SELF DETERMINATION.
REAFFIRMING PAKISTANI POSITION CENTERED IN THE RIGHT OF SELF DETERMINATION YAQUB KHAN EXPRESSED HOPE THAT EC COULD AGREE ON THAT PRINCIPLE.

CPE/ROM
FIN DE TEXTE

YYYY

DISTRIBUTION 97

MAIN 90

.KASHMIR
LIMITED
SAD

PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE

166407
MDLIAN 0453

RESTRICTED
FM DUBLIN COREU
TO ALL COREU PRIORITE
CPE PRES DUB 150
21.02.1990 1315 HRS

DIFFUSION RESTREINTE

OBJET: INDO-PAKISTANI DIFFERENCES OVER KASHMIR.

REFERENCE: CPE PRES DUB 146.

THE PRESIDENCY WISHES TO INFORM PARTNERS THAT A DEMARCHE WAS CARRIED OUT TO THE INDIAN AUTHORITIES IN NEW DELHI, ON 20 FEBRUARY, CONCERNING THE ABOVE ISSUE, AND ON THE TERMS OUTLINED IN THE ABOVE COREU UNDER REFERENCE.

THE PRESIDENCY'S AMBASSADOR WAS RECEIVED BY THE FOREIGN SECRETARY (THE HIGHEST OFFICIAL IN THE INDIAN MINISTRY OF EXTERNAL AFFAIRS). THE INDIAN FOREIGN SECRETARY DID NOT REACT TO THE CONTENTS OF THE DEMARCHE EXCEPT TO SAY THAT THEY WOULD BE CONVEYED TO HIS MINISTER.

ON 17 FEBRUARY, THE PRESIDENCY'S AMBASSADOR HAD BEEN SUMMONED BY THE FOREIGN SECRETARY WHO CONVEYED A REQUEST FROM THE PRIME MINISTER THAT THE TWELVE REFRAIN FROM MAKING A STATEMENT ON KASHMIR.

COREU/DIPLO/DUBLIN
FIN DE TEXTE

YYYY

DISTRIBUTION 103

MAIN 96

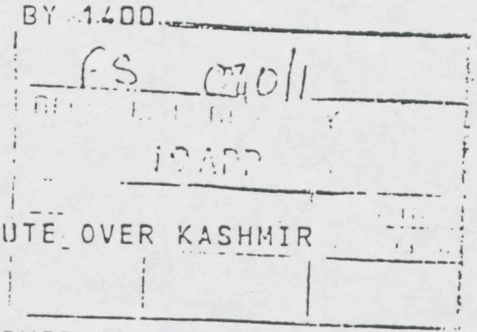
.KASHMIR
LIMITED
SAD
SCD
NEWS D

PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS

Kashmir

00344
MDHIAN 844

RESTRICTED
FROM DUBLIN COREU
TO ALL COREU IMMEDIAT DESK BY 1400
CPE/PRES/DUB 346
12/4/'90 1300



DIFFUSION RESTREINTE

OBJET- INDO-PAKISTANI DISPUTE OVER KASHMIR

UNLESS OBJECTIONS ARE RECEIVED BY 1600 HRS 12 APRIL THE PRESIDENCY WILL PROCEED AS OUTLINED BELOW

IN VIEW OF THE RAPIDLY DETERIORATING RELATIONS BETWEEN INDIA AND PAKISTAN OVER KASHMIR AND THE POSSIBILITY OF AN OUTBREAK OF HOSTILITIES, THE PRESIDENCY PROPOSES TO ISSUE A STATEMENT ON BEHALF OF THE TWELVE ALONG THE FOLLOWING LINES:--

STATEMENT ON DISPUTE BETWEEN INDIA AND PAKISTAN

THE TWELVE ARE GRAVELY CONCERNED AT THE DETERIORATING RELATIONS AND THE HEIGHTENED STATE OF TENSION BETWEEN INDIA AND PAKISTAN. THIS SITUATION POSES A SERIOUS THREAT TO THE STABILITY OF THE REGION AND TO THE WELL-BEING OF ITS PEOPLE.

THE TWELVE RECALL THEIR FRIENDLY RELATIONS WITH INDIA AND PAKISTAN AND EARNESTLY APPEAL TO THEM TO PRACTICE MUTUAL RESTRAINT AND MODERATION. THE TWELVE EMPHASISE THEIR ATTACHMENT TO THE PRINCIPLE OF THE PEACEFUL SETTLEMENT OF DISPUTES AND URGE BOTH COUNTRIES TO REFRAIN FROM INFLAMMATORY RHETORIC AND TO ENGAGE IN DIALOGUE TO BRING ABOUT A PEACEFUL END TO THEIR DIFFERENCES.

COREU DIPLO DUBLIN

FIN DE TEXTE./.

YYYY

05?
MDLIAN 79

RESTRICTED
FM DUBLIN COREU
TO ALL COREU PRIORITE
CPE/PRES/DUB 417
2.5.1990 1900HRS

DIFFUSION RESTREINTE

OBJET: INDO-PAKISTANI TENSIONS

REFERENCE: CPE/PRES/DUB 398, CPE/LON 245, CPE/ATH 129.

THE PRESIDENCY WILL NOW PROCEED TO REQUEST ITS AMBASSADORS IN ISLAMABAD AND NEW DELHI TO SEEK A BRIEFING FOR TWELVE AMBASSADORS FROM THE FOREIGN MINISTERS OF PAKISTAN AND INDIA RESPECTIVELY, ON THE SUBJECT OF THEIR RECENT MEETING IN NEW YORK AND THE PROSPECT FOR A PEACEFUL RESOLUTION OF THE DISPUTE. IN THE COURSE OF THE BRIEFING, THE PRESIDENCYS' AMBASSADORS WILL EXPRESS THE CONCERNS OF THE TWELVE ON THE ISSUE, IN THE FOLLOWING TERMS, WHICH TAKE ACCOUNT OF THE VIEWS OF ONE PARTNER THAT THE LAST TWO TIRETS OF THE ORIGINAL PRESIDENCY DRAFT BE DELETED:

- CONCERN AT THE HEIGHTENED STATE OF TENSION IN INDO-PAKISTANI RELATIONS OVER THE ISSUE OF KASHMIR AND THE DANGER THUS POSED FOR THE STABILITY OF THE REGION AND THE WELL-BEING OF ITS PEOPLE

- APPEAL TO BOTH COUNTRIES TO RESOLVE THEIR DIFFERENCES THROUGH DIALOGUE, EXERCISING MUTUAL RESTRAINT AND MODERATION AND AVOIDING INFLAMMATORY RHETORIC

- WELCOME RECENT DIALOGUE BETWEEN THE TWO FOREIGN MINISTERS IN NEW YORK. HOPE THAT HIGH LEVEL DIALOGUE WILL CONTINUE, THUS CONTRIBUTING TO GREATER UNDERSTANDING AND A REVERSAL OF THE PERCEPTION THAT THE SITUATION WILL INEVITABLY DETERIORATE AND LEAD TO HOSTILITIES BETWEEN BOTH COUNTRIES

- APPEAL FOR AVOIDANCE OF MILITARY DEPLOYMENTS WHICH COULD CONTRIBUTE TO HEIGHTENED TENSION

- APPEAL FOR COOPERATION IN CONTROLLING CROWDS ON THE BORDER.

COREU DIPLO DUBLIN
FIN DE TEXTE./.

(D)

DL.

163151
MDHIAN 2559

CONFIDENTIAL
FM NEW DELHI
TO IMMEDIATE FCO
TELNO 727
OF 300600Z MAY 90
INFO IMMEDIATE ISLAMABAD, WASHINGTON, AMMAN, UKMIS NEW YORK
INFO IMMEDIATE MOSCOW, MODUK, ACTOR
INFO PRIORITY PARIS, BONN, PEKING
INFO SAVING BOMBAY, CALCUTTA, MADRAS

FOLLOWING FOR SECRETARY OF STATE'S PARTY

SIC ACA/U2H/EAD/Z7A

INDIA/PAKISTAN: KASHMIR: CBMS

SUMMARY

1. INDIAN MEA GIVE US DETAILS OF A PACKAGE OF PROPOSALS FOR CONFIDENCE BUILDING MEASURES THEY HAVE PUT TO THE PAKISTANIS.

DETAIL

2. KHOSLA, ADDITIONAL SECRETARY (DUS EQUIVALENT) IN THE MEA, ASKED ME TO CALL AT SHORT NOTICE YESTERDAY EVENING (29 MAY). HE RECALLED THE IMPORTANCE I HAD ATTACHED TO CONFIDENCE BUILDING MEASURES DURING THE DISCUSSION THAT HAD FOLLOWED THE FOREIGN SECRETARY'S BRIEFING ON THE GATES MISSION (PARA 9 OF MY TELNO 722). THE INDIANS THOUGHT IT IMPORTANT TO REVERSE THE CONFRONTATIONAL TREND IN THEIR RELATIONS WITH PAKISTAN. THEY HAD THEREFORE PROPOSED A PACKAGE OF CBMS TO THE PAKISTANIS, WHICH THE FOREIGN SECRETARY HAD HANDED OVER IN DELHI THE PREVIOUS EVENING. THE MEA WANTED US TO HAVE A COPY OF THE PROPOSALS (TEXT IN MIFT). SOME OF THESE WERE NOT NEW, AND IN THE PAST IT HAD NOT PROVED POSSIBLE TO REACH AGREEMENT ON JOINT PATROLLING. BUT THE IMPORTANT THING WAS TO TRY TO MOVE A FEW STEPS IN A MORE POSITIVE DIRECTION AND DEVELOP GREATER CONFIDENCE BETWEEN THE TWO SIDES.

3. I THANKSED KHOSLA FOR KEEPING US INFORMED. WE HAD OF COURSE BEEN STRONGLY ADVOCATING THE VALUE OF CBMS IN BOTH DELHI

AND ISLAMABAD. IT WAS THEREFORE ENCOURAGING THAT THE INDIANS HAD COME UP WITH PROPOSALS. AS HE HAD SAID, SOME OF THE POINTS COULD BE EXPECTED TO CAUSE DIFFICULTIES FOR THE PAKISTANIS. WAS THE PACKAGE OFFERED ON AN ALL OR NOTHING BASIS?

4. KHOSLA SAID THAT THIS WAS NOT THE CASE. THE PAKISTANIS COULD SELECT FROM THE PACKAGE AND MAKE ADDITIONAL SUGGESTIONS. BUT SOME OF THE INDIAN IDEAS OBVIOUSLY MATTERED MORE THAN OTHERS. THE KEY POINT WAS THAT THE PAKISTANIS SHOULD RENEW THEIR COMMITMENT TO THE SIMLA AGREEMENT. THAT ASIDE, ONE OF THE MOST IMPORTANT POINTS WAS THE EXCHANGE OF MILITARY DELEGATIONS. QUOTE AN IMPRESSION HAD BEEN GAINING GROUND UNQUOTE THAT THE RISK OF MILITARY CONFRONTATION HAD BEEN GROWING. THIS WAS BAD. DELEGATIONS SHOULD BE ABLE TO LOOK AT THE SITUATION ON THE GROUND ON BOTH SIDES OF THE BORDER AND EXPLAIN THEIR ANXIETIES. THEY COULD MEET ELSEWHERE IF THAT WERE PREFERABLE. INDIA WOULD BE HAPPY TO SEND DELEGATIONS TO PAKISTAN. I AGREED THAT SUCH CONTACTS BETWEEN THE TWO SHOULD HELP AVOID A DRIFT INTO WAR BY MISCALCULATION.

5. I SUGGESTED THAT A PROPOSAL ON HOT PURSUIT WAS BOUND TO BE DIFFICULT FOR THE PAKISTANIS. KHOSLA ACCEPTED THIS. THE INDIANS DID NOT EXPECT PAKISTAN TO AGREE AT ONCE TO HOT PURSUIT. BUT THEY HOPED THAT AN AGREEMENT ON JOINT PATROLLING WOULD LATER LEAD TO AGREEMENT ON HOT PURSUIT BY BOTH SIDES. I DESCRIBED THE SORT OF JOINT PATROLLING WE HAD AIMED TO ACHIEVE WITH THE IRISH, WITH NATIONAL PATROLS MOVING ALONG THE TWO SIDES OF THE BORDER AND CO-ORDINATING THEIR MOVEMENTS. KHOSLA SAID THAT THIS WAS EXACTLY THE SORT OF THING THE INDIANS HAD IN MIND. THERE WAS NO NEED TO MIX THE PATROLS. THEY COULD OPERATE IN PARALLEL BUT AT SOME DISTANCE AWAY FROM EACH OTHER. THE IMPORTANT THING WAS THAT THEY SHOULD KEEP IN CLOSE TOUCH.

6. IN ANSWER TO A QUESTION, KHOSLA SAID THAT THE INDIANS DID NOT INTEND TO MAKE PUBLIC THEIR PROPOSALS. HE WOULD TRY TO LET ME KNOW IF THIS CHANGED.

COMMENT

7. SOME OF THE INDIAN PROPOSALS WILL EVIDENTLY BE DIFFICULT FOR THE PAKISTANIS, AND INDEED MAY HAVE BEEN INCLUDED IN THE EXPECTATION THAT THE PAKISTANIS WOULD REJECT THEM. BUT AT THE LEAST IT IS ENCOURAGING THAT THE INDIANS HAVE PRODUCED

IDEAS WHICH MAY OPEN THE WAY FOR A MORE PRODUCTIVE DIALOGUE. THE FACT THAT THEY HAVE NOT YET MADE THEIR PROPOSALS PUBLIC SUGGESTS THAT THEY ARE SERIOUSLY INTENDED AS WELL AS BEING A WELL-JUDGED TACTICAL RESPONSE TO THE GATES MISSION. IT IS ALSO ENCOURAGING THAT THE INDIANS ARE TAKING THE TROUBLE TO KEEP US AND OTHERS INFORMED: THE RUSSIAN MINISTER-COUNSELLOR WAS WAITING HIS TURN WHEN I ARRIVED AND THE INDIANS HAD ALREADY BRIEFED THE AMERICANS.

8. THIS DEVELOPMENT MUST INEVITABLY AFFECT THE NATURE OF ANY PRIME MINISTERIAL MESSAGE YOU MAY BE CONSIDERING (OUR TELNO 724). I WILL TELEGRAPH SEPARATELY ON THIS.

9. PLEASE SEE MIFT.

GOODALL

YYYY

DISTRIBUTION 110

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 7

KASHMIR

NNNN

DL

CONFIDENTIAL
FM NEW DELHI
TO IMMEDIATE FCO
TELNO 728
OF 300605Z MAY 90
INFO IMMEDIATE ISLAMABAD, WASHINGTON, UKMIS NEW YORK
INFO IMMEDIATE MOSCOW, MODUK, ACTOR
INFO PRIORITY PARIS, BONN, PEKING
INFO SAVING BOMBAY, CALCUTTA, MADRAS

SIC ACA/U2H/EAD/Z7A

MIFT: INDIA/PAKISTAN: KASHMIR: CBMS

1. FOLLOWING IS TEXT OF INDIAN PROPOSALS.

QUOTE
''CONFIDENCE BUILDING PACKAGE BETWEEN INDIA AND PAKISTAN''

THE FOLLOWING ELEMENTS COULD CONSTITUTE A PACKAGE OF CONFIDENCE BUILDING MEASURES:

(1) SHARING OF INFORMATION REGARDING MILITARY EXERCISES.
BOTH SIDES SHOULD AGREE TO PROVIDE TO EACH OTHER TIMELY INFORMATION ABOUT MILITARY EXERCISES. INFORMATION COULD ALSO BE EXCHANGED REGARDING FIELD FIRING PROGRAMMES, IF ANY SUCH ACTIVITY HAS POTENTIAL FOR CAUSING CONCERNS.

(2) COMMUNICATIONS BETWEEN MILITARY COMMANDERS

BASED ON MUTUAL CONSULTATIONS, BOTH SIDES SHOULD AGREE TO THE CONCERNED FORMATION COMMANDERS OF IDENTIFIED SECTORS MAINTAINING CLOSE COMMUNICATIONS.

(3) JOINT BORDER PATROLLING

BOTH SIDES SHOULD AGREE ON EFFECTIVE JOINT PATROLLING, WITH THE PROVISION OF JOINTLY CONDUCTED HOT PURSUIT, IN THE PUNJAB BORDER AND ALL AREAS WHERE THE TERRAIN PERMITS ALONG THE LINE OF CONTROL IN JAMMU AND KASHMIR.

(4) CONCLUSION OF A MOU ON PREVENTION OF VIOLATION OF AIRSPACE BY MILITARY AIRCRAFT

THIS MOU COULD BE SIGNED AT AN EARLY DATE.

(5) EXCHANGE OF DELEGATIONS OF THE ARMED FORCES

TO PROMOTE CONFIDENCE BUILDING, BOTH SIDES SHOULD ARRIVE AT MUTUALLY ACCEPTABLE UNDERSTANDINGS REGARDING EXCHANGES OF ARMED FORCES DELEGATIONS FROM TIME TO TIME.

(6) PREVENTION OF ACTS DETRIMENTAL TO THE MAINTENANCE OF PEACEFUL AND HARMONIOUS RELATIONS AND NON-INTERFERENCE IN EACH OTHER'S INTERNAL AFFAIRS

THIS WOULD INVOLVE CLOSURE OF ALL TRAINING CAMPS FOR TERRORISTS, STOPPAGE OF SUPPLY OF ARMS, AMMUNITION AND EXPLOSIVES, ARRESTS OF POTENTIAL INTRUDERS AND SEIZURE OF ARMS, DENIAL OF TRANSIT FACILITIES TO MILITANTS AND TERRORISTS, IMMEDIATE MEASURES TO

HONOUR THE AGREEMENT REACHED ON 23 AUGUST 1989 FOR HANDING OVER FUGITIVES FROM LAW WHO HAVE SOUGHT SANCTUARY IN EITHER COUNTRY AND CLOSURE OF ALL OFFICIALLY SPONSORED FUNDS VIEWED BY EITHER COUNTRY AS DETRIMENTAL TO THE MAINTENANCE OF PEACEFUL AND HARMONIOUS RELATIONS.

(7) REITERATION OF COMMON RESOLVE TO ABIDE BY THE SIMLA AGREEMENT

THIS WOULD INVOLVE A CATEGORIC REAFFIRMATION OF, INTER-ALIA, THE FOLLOWING:

- A REAFFIRMATION THAT DIFFERENCE WOULD BE SETTLED BY PEACEFUL MEANS THROUGH BILATERAL NEGOTIATIONS OR BY ANY OTHER PEACEFUL MEANS MUTUALLY AGREED UPON BETWEEN THE TWO COUNTRIES (NAMELY, NO THIRD PARTY INVOLVEMENT/LOCUS STANDI)

- A REAFFIRMATION THAT BOTH SIDES WOULD RESPECT THE LINE OF CONTROL IN JAMMU AND KASHMIR NOT SEEK TO ALTER IT UNILATERALLY AND REFRAIN FROM THE THREAT OR THE USE OF FORCE IN VIOLATION OF THIS LINE

- BOTH SIDES SHOULD CEASE HOSTILE PROPOGANDA AND RHETORIC (ON TV, RADIO, OFFICIAL STATEMENTS).

163167
MDHIAN 2560

UNQUOTE

GOODALL

YYYY

DISTRIBUTION 110

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 7

KASHMIR

NNNN

(E)

CONFIDENTIAL
FM ISLAMABAD
TO IMMEDIATE FCO
TELNO 737
OF 080432Z JUNE 90
INFO IMMEDIATE NEW DELHI WASHINGTON UKMIS NEW YORK MOSCOW ACTOR
INFO IMMEDIATE MODUK

MY TELNO 730 (NOT TO ALL) KASHMIR: PAKISTAN'S RESPONSE TO INDIAN CONFIDENCE BUILDING MEASURES.

SUMMARY

1. PAKISTAN FOREIGN SECRETARY BRIEFS EC HEADS OF MISSION ABOUT THE INDIAN CONFIDENCE BUILDING PROPOSALS AND PAKISTAN'S RESPONSE. DISPITE REGRETTABLE OMISSIONS THE PROPOSALS HAD POSITIVE FEATURES AND THE PAKISTANIS HAD PROPOSED THEY BE DISCUSSED AT AN EARLY MEETING OF FOREIGN SECRETARIES. EC'S SUPPORT REQUESTED FOR THIS. CONCERN ABOUT INDIAN TROOP REINFORCEMENTS NORTH OF SIALKOT.

DETAIL
2. THE PAKISTAN FOREIGN SECRETARY TOLD EC HEADS OF MISSION ON 7 JUNE THAT HE WANTED TO KEEP THEM UP TO DATE WITH DEVELOPMENTS ON KASHMIR. HE STARTED BY DESCRIBING THE INDIAN PROPOSALS CONVEYED ON 28 MAY. THE TIMING APPEARED TO HAVE BEEN PARTLY, IF NOT LARGELY, DICTATED BY THE SUMMIT AND THE VISIT OF SOLARZ. FOLLOWING THE PAKISTAN PRIME MINISTER'S VISIT TO A NUMBER OF ISLAMIC COUNTIRES, THEIR LEADERS HAD ALSO BEEN URGING INDIA TO REVERSE THE NEGATIVE TRENDS IN HER RELATIONSHIP WITH PAKISTAN. THERE WAS ALSO THE GATES VISIT, WITH THE US OFFER TO VERIFY TROOP WITHDRAWALS ON EACH SIDE. THE INDIAN PROPOSALS MAY HAVE HAD PROPAGANDIST MOTIVES OR MAY HAVE REPRESENTED A GENUINE CHANGE OF HEART OF TACTICS - OR A MIXTURE OF THESE.

3. THEY WERE GENERALLY WELCOME. HOWEVER, THERE WAS A STRIKING OMISSION OF ANY REFERENCES TO THE UNDERLYING FACTORS RESPONSIBLE FOR THE PRESENT TENSIONS, IE, THE UPRISING IN KASHMIR WITH THE VIOLENT MEANS OF REPRESSION EMPLOYED BY THE INDIANS, AND ALSO THE CONCERNTRATION OF INDIA N FORCES ON PAKISTAN'S BORDERS. UNFORTUNATELY, THE PAKISTAN FOREIGN MINISTER'S PROPOSALS FOR A REDEPLOYMENT TO PEACE-TIME POSITIONS HAD NOT BEEN REFERRED TO.

4. TANVIR AHMED THEN WENT THROUGH THE PROPOSALS, STARTING WITH THOSE WHICH WERE PERFECTLY ACCEPTABLE AND INDEED WELCOME. SOME WERE

NOT NEW. IT HAD BEEN THE PAKISTANIS WHO HAD PUSHED FOR AGREEMENT ABOUT NOTIFICATION OF EXERCISES, FOR EXAMPLE, AFTER THE QUOTE BRASS TACKS UNQUOTE CRISIS. T HEY HAD PROPOSED WRITTEN AGREEMENTS IN THE WINTER OF 1986 BUT HAD SETTLED FOR THE INDIAN PREFERENCE FOR A TACIT AGREEMENT. THE PAKISTANIS HAD SCRUPULOUSLY PLAYED THE GAME BY NOTIFYING THEIR MANOEUVERS AND MOVEMENTS. THE INDIANS HAD NOT ALWAYS DONE SO. FOR EXAMPLE,UNTIL CHALLENGED, THEY HAD NOT NOTIFIED THE PAKISTANIS ABOUT THEIR MAJOR TROOP REINFORCEMENTS IN THE PAST FEW MONTHS.

5. THE SECOND PROPOSAL COVERED COMMUINICATIONS BETWEEN MILITARY COMMANDERS WHICH ALREADY EXISTED TO SOME EXTENT. THERE WAS NO PROBLEM OVER THIS. THE PAKISTANIS WOULD HAVE TO DISCOVER MORE PRECISELY WHAT THE INDIANS HAD IN MIND.

6. THERE WAS EQUALLY NO PROBLEMS WITH THE IDEA OF A MEMORANDUM OF UNDERSTANDING ABOUT VIOLATIONS OF AIR SPACE. SUCH VIOLATIONS WERE, OF COURSE, UNACCEPTABLE AND SHOULD BE AVOIDED.

7. THE INDIAN PROPOSALS FOR AN EXCHANGE OF GOODWILL MILITARY DELEGATIONS, WHICH WAS NEW, ALSO PRESENTED NO PROBLEMS.

8. SOME OTHER PROPOSALS HAD EARLIER BEEN MOTTED BUT NOT AGREED TO, FOR EXAMPLE JOINT BORDER PATROLLING AND HOT PURSUIT OF FUGITIVES. THE INDIANS HAD PROPOSED THIS ONLY FOR PUNJAB AND KASHMIR, IGNORING PAKSITANI CONCERNS ABOUT SIND (WHEN I MENTIONED THAT MY INDIAN COLLEAGUE HAD TOLD ME HE WAS AUTHORISED TO SAY ORALLY THAT THE PROPOSALS WOULD ALSO COVER OTHER BORDER AREAS IF THE PAKISTANIS SO WISHED, THE MFA REPRESENTATIVES DENIED THAT HE HAD EVER SAID THIS). THE IDEA OF HOT PURSUIT WAS POLITICALLY DIFFICULT. IT COULD CREATE INCIDENTS WHICH COULD BE DANGEROUSLY EXPLOSIVE. GREATER CONFIDENCE IN THE RELATIONSHIP BETWEEN THE TWO COUNTRIES WAS NEEDED FIRST. AS FAR AS PATROLLING WAS CONCERNED, THE PAKISTANIS REMAINED DUBIOUS ABOUT JOINT PATROLLING, BUT GREATER EFFORTS MIGHT BE MADE TO MAKE COORDINATED AND PARAL LEL PATROLLING WORK PROPERLY.

9. THE SECOND AREA WHERE AGREEMENT HAD EARLIER ELUDED BOTH SIDES WAS THE PROPOSAL FOR THE PREVENTION OF ACTS DETRIMENTAL TO THE MAINTENANCE OF PEACEFUL AND HARMONIOUS RELATIONS AND NON-INTERFERENCE IN EACH OTHER'S INTERNAL AFFAIRS (TO USE INDIAN LANGUAGE). TANVIR AHMED SAID THAT THESE IDEAS WERE BASICALLY SOUND, BUT NEEDED FURTHER DISCUSSION.

10. FINALLY, THE INDIAN PROPOSAL FOR REITERATION OF A COMMON

RESOLVE TO ABIDE THE THE SIMLA AGREEMENT APPEARED TO BE RELATED ONLY TO SELECTED PARAGRAPHS. AN EXAMPLE OF INDIAN SELECTIVITY WAS THEIR REFERENCE TO PROBLEMS BEING SOLVED BY BILATERAL DISCUSSION, OMITTING THE PHRASE QUOTE OR BY OTHER PEACEFUL MEANS AGREED TO BY BOTH PARTIES UNQUOTE. AS FAR AS THE PAKISTANIS WERE CONCERNED, THE SIMLA AGREEMENT HAD TO BE LOOKED AT AS A WHOLE, BUT OTHERWISE THE PROPOSAL CREATED NO DIFFICULTY IN PRINCIPLE. THEY WOULD BE HAPPY TO REAFFIRM THE SIMLA AGREEMENT.

11. TANVIR AHMED SAID THAT THE PAKISTAN GOVERNMENT HAD STUDIED THE INDIAN PROPOSALS IN CONSIDERABLE DETAIL AND HAD LOOKED AT THEM WITH AN OPEN MIND. ON THE EVENING OF 5 JUNE THE MFA HAD CONVEYED A GENERALLY POSITIVE REPLY TO THE INDIAN HIGH COMMISSIONER ON THE FOLLOWING LINES: SAYING THAT PAKISTAN HAD ALL ALONG ADVOCATED THE ADOPTION OF CONFIDENCE BUILDING MEASURES BETWEEN THE TWO COUNTRIES, ESPECIALLY SINCE THE 1986/7 BRASS TACKS AFFFAIR. THEY HAD THEMSELVES PROPOSED AGREEMENTS ON PRIOR NOTIFICATION OF MILITARY MOVEMENTS AND ALSO EFFECTIVE NUCLEAR REGIMES. THEY HAD ABIDED BY THE TACIT AGREEMENT ON NOTIFICATION EVEN WITHOUT ANY INSTITUTIONAL ARRANGEMENTS. THEY HAD NOW ALSO PROPOSED THE URGENT REDEPLOYMENT OF TROOPS AWAY FROM THE FRONT LINE. THE PAKISTANI REPLY HAD GONE ON TO SAY THEY WERE EXAMINING THE INDIAN PROPOSALS WITH CLOSE ATTENTION. THEY WERE CONCERNED THAT THE PACKAGE CONTAINED NO REFERENCE TO THE KEY TO THE WHOLE PROBLEM, IE THE UNRESOLVED ISSUE OF THE FUTURE OF KASHMIR. THEY WERE DISAPPOINTED THAT THE PAKISTAN FOREIGN SECRETARY'S PROPOSALS FOR TROOP REDEPLOYMENTS HAD NOT BEEN MENTIONED. NOTWITHSTANDING THESE DIFFICULTIES, THE PAKISTAN GOVERNMENT WOULD LIKE TO PROCEED FURTHER. THEY PROPOSED THAT THE FOREIGN SECRETARIES OF BOTH COUNTIRES SHOULD MEET AT AN EARLY DATE TO BEGIN A DISCUSSION ON HOW QUOTE TO REMOVE THE CAUSES OF PRESENT TENSIONS UNQUOTE. THE FOREIGN SECRETARIES SHOULD BE ASSISTED BY APPROPRIATE OFFICIALS OF THE MFA AND MINISTRY OF DEFENCE AND OTHER EXPERTS AS REQUIRED. A MEETING IN JUNE HAD BEEN SUGGESTED AT A VENUE TO BE MUTUALLY AGREED, (TANVIR AHMED SAID THEY WOULD HAVE BEEN HAPPY TO SUGGEST ISLAMABAD BUT THE LAST FOREIGN SECRETARIES' MEETING HAD TAKEN PLACE HERE AND A MEETING IN DELHI MIGHT BE EASIER FOR THE INDIANS TO ACCEPT POLITICALLY).

12. TANVIR AHMED SAID HE HAD GONE ON TO SAY ORALLY TO THE INDIAN HIGH COMMISSIONER THAT HIS GOVERNMENT ENVISAGED THE FOREIGN SECRETARIES' MEETING AS THE START OF A PROCESS. THEY WERE NOT AIMING AT PROTRACTED, BUREAUCRATIC EXCHANGES. IF PROGRESS WAS MADE, THEY WOULD FAVOUR QUICKLY HOLDING A FURTHER MEETING BETWEEN FOREIGN MINISTERS AND, IF THIS WENT SATISFACTORILY (IT WOULD HAVE TO GO

BETTER THAN IN NEW YORK), THERE MIGHT BE A MEETING BETWEEN PRIME MINISTERS. THE PAKISTA NIS HAD NOT MENTIONED THIS PROPOSAL IN THEIR NOTE SINCE THEY HAD NOT WISHED TO BE ACCUSED OF USING IT FOR PROPAGANDA PURPOSES.

13. TANVIR AHMED SAID THAT ALTHOUGH THE ESSENCE OF THE REPLY TO THE INDIANS WAS THAT THERE SHOULD BE AN EARLY MEETING BETWEEN FOREIGN SECRETARIES, HE HAD INFORMALLY GONE THROUGH THE INDIAN PROPOSALS WITH THE INDIAN HIGH COMMISSIONER, CONVEYING MOST OF THE IDEAS HE HAD JUST OUTLINED TO US.

14. OUR ITALIAN CHAIRMAN HAD NOT RECEIVED CONFIRMATION OF THE LINE FOR THE EC DEMARCHE IN TIME SO THERE WAS NO JOINT REACTION, THOUGH I REMINDED THE FOREIGN SECRETARY THAT THE BRITISH GOVERNMENT HAD HOPED FOR AND WELCOMED THE IDEA OF A POSITIVE RESPONSE BY THE PAKISTANIS TO THE INDIAN PROPOSALS. TANVIR AHMED EXPRESSED THE HOPE THAT ALL EC COUNTRIES COULD NOW URGE THE INDIANS TO TAKE UP THE PROPOSAL FOR AN EARLY MEETING AT FOREIGN SECRETARY LEVEL. BOTH SIDES COULD SET OUT THEIR POINTS OF VIEW AT SUCH A MEETING AND COULD THEN GO ON TO EXPLORE WHETHER AND WHERE CONCRETE PROGRESS COULD BE MADE. IN THE LONG RUN, THE ESSENCE OF THE KASHMIR QUESTION ITSELF WOULD HAVE TO BE TACKLED

15. ASKED ABOUT THE INDIAN WITHDRAWAL OF TROOPS IB THE RAJASTHAN SECTOR, TANVIR AHMED SAID THT THE INDIANS HAD STARTED TO MAKE PREPARATIONS TO THIN OUT AN ARMOURED DIVISION NEAR MAHAJAN. IT APPEARED THEY WERE MOVING TO A NEW LINE 20 OR 30 KMS BACK. ON THE HOT LINE THEY EXPLAINED THAT IT TOOK TIME TO MOVE AN ARMOURED DIVISION. THE PAKISTANIS WERE BEING PATIENT AND GIVING THEM THE BENEFIT OF THE DOUBT.

16. ON THE OTHER HAND, THE GESTURE THAT THE INDIANS APPEARED TO BE MAKING IN THE SOUTH WA S COMPENSATED FOR IN THE NORTH. ABOUT THREE DIVISIONS HAD BEEN PUSHED INTO THE SECTORS OPPOSITE AZAD KASHMIR AND SIALKOT. LARGE NUMBERS OF EXTRA TROOPS HAD BEEN STATIONED IN THE CORRIDOR BETWEEN JHELUM AND THE CHENAB AND BETWEEN THE CHENAB AND RAVI RIVERS. FURTHER SOUTH THE INDIANS HAD MOVED TROOPS UP TO BALANCE PAKISTANI FORCE S. THEY HAD ALSO MOVED LARGE NUMBERS OF PARAMILITARY FORCES INTO KASHMIR. IT LOOKED AS IS THEY WOULD BE USED TO DEAL WITH DISSIDENTS , RELEASING REGULAR TROOPS TO GO TO THE BORDERS. COMMUNITY DAS WOULD BE BRIEFED IN GREATER DETAIL.

17. TANVIR AHMED SAID THAT THE INDIAN TROOP REINFORCEMENTS IN THE NORTH WERE WORRYING. THEY COULD PRESAGE A BIGGER CRACK DOWN IN

KASHMIR, WHICH WOULD CREATE MORE REFUGEES. THE AIM COULD BE MORE SINISTER. ON THE OTHER HAND, THE NEW GOVERNOR APPEARED TO BE TAKING A SOFTER LINE AND TO BE PUTTING OUT FEELERS TO LEADERS OF VARIOUS GROUPS AND ORGANISATIONS. THE PAKISTANIS WOULD WATCH THE SITUATION.

18. ASKED ABOUT THE RECENT MFA DENIAL THAT THE PAKISTANIS HAD ADMITTED TO THE INDIANS, THROUGH A THIRD PARTY, THAT TRAINING CAMPS FOR KASHMIRIS EXISTED AND THAT 31 CAMPS HAD BEEN CLOSED, TANVIR AHMED CLAIMED THAT THE MFA HAD DISCOVERED THAT NO-ONE HAD MADE SUCH A STATEMENT TO GATES. (THIS WAS NOT VERY CONVINCING). THERE WAS PERHAPS CONFUSION BECAUSE AT THE BEGINNING, MANY KASHMIRIS HAD BEEN GIVEN SHELTER IN RECEPTION CENTRES ORGANISTED BY PRIVATE PARTIES OR INDIVIDUALS. THE PAKSITANI GOVERNMENT HAD BEEN DETERMINED TO STOP THIS MUSHROOM GROWTH OF REFUGEE CENTRES WHICH MIGHT BE DESCRIBED AS CAMPS. THEY WERE NOW SERIOUSLY CONSIDERING BRINGING IN THE UNHCR BOTH TO HELP TACKLE THE LOGISTIC PROBLEMS OF THE CAMPS AND TO MAKE IT CLEAR THEY WERE NOT BEING USED AS TRAINING CAMPS.

COMMENT

19. JUST AS WE HAVE URGED, AND WILL GO ON URGING, THE PAKISTANIS TO REACT POSITIVELY TO THE INDIAN PROPOSALS, I HOPE WE CAN ALSO URGE THE INDIANS TO RESPOND POSITIVELY TO THE PAKISTANI PROPOSAL FOR AN EARLY MEETING OF FOREIGN SECRETARIES. THIS COULD START THE BALL ROLLING FOR MORE CONSTRUCTIVE DISCUSSIONS BETWEEN THE TWO PARTIES.

BARRINGTON
YYYY

DISTRIBUTION 111

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS

CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

175564
MDLIAN 5880

(F)

RESTRICTED
FROM DUBLIN COREU
TO ALL COREU ROUTINE
CPE PRES DUB 508
1.6.1990 1630HRS

DF
DL

DIFFUSION RESTREINTE

OBJET: INDO-PAKISTANI TENSION OVER KASHMIR

REF: CPE/SEC/353

PARTNERS COMMENTS ARE REQUESTED BY 1200Z ON TUESDAY 5 JUNE

AS AGREED AT THE ASIA WORKING GROUP MEETING ON 31 MAY, THE PRESIDENCY TRANSMITS HEREWITH THE TEXT OF A PROPOSED TWELVE DEMARCHE TO THE INDIAN AND PAKISTANI GOVERNMENTS TO BE CARRIED OUT BY THE REPRESENTATIVE OF THE PRESIDENCY IN EACH CAPITAL.

- THE TWELVE REITERATE THEIR SERIOUS CONCERN THAT THE CURRENT TENSIONS BETWEEN INDIA AND PAKISTAN OVER THE ISSUE OF KASHMIR COULD ESCALATE IN A MANNER THAT WOULD SERIOUSLY THREATEN THE STABILITY OF THE REGION

- THEY WELCOME THE INDICATIONS FROM BOTH GOVERNMENTS THAT THEY WISH TO AVOID SUCH AN ESCALATION AND ARE WILLING TO TAKE PRACTICAL STEPS TO THIS END

- THE TWELVE, RECALLING THE CONTRIBUTION THAT CONFIDENCE - AND SECURITY - BUILDING MEASURES IN THE MILITARY SPHERE HAVE MADE TO EASING TENSIONS IN EUROPE, URGE BOTH GOVERNMENTS TO CONSIDER THE ADOPTION OF SUCH MEASURES

- THE TWELVE WOULD BE WILLING TO SHARE WITH BOTH GOVERNMENTS THEIR EXPERIENCE IN RELATION TO SUCH MEASURES

COREU DIPLO DUBLIN
FIN DE TEXTE

YYYY

DISTRIBUTION 84

MAIN 81

LIMITED
FED
SEAD
SAD
HKD
SPD
ECD(E)
UND
LEGAL ADVISERS
SOV D
NCAD
RID
MR P J WESTON
MR MCLAREN
MR GREENSTOCK
MR KERR
MR BURNS
MR TAIT

ADDITIONAL 3

ECD/ODA
MR L PARKER CAB OFF
MR APPLEYARD CAB OFF

NNNN

007501
MDHOAN 0144

FM LON COREU
TO DUB COREU DESKBY 061330Z
INFO ALL COREU DESKBY 061330Z
CPE/LON 304
05.06.90 12:00Z HRS

DIFFUSION RESTREINTE
OBJET: INDO/PAKISTAN: TENSION OVER KASHMIR
REF: CPE/PRES DUB 508, CPE/LON 302

1. AFTER FURTHER CONSULTATION WITH THE BRITISH HIGH COMMISSION IN NEW DELHI, AND IN THE LIGHT OF A CAREFULLY WORDED STATEMENT BY THE PAKISTAN MFA SPOKESMAN REPORTED IN ENGLISH LANGUAGE NEWSPAPERS IN ISLAMABAD ON 5 JUNE, THE UNITED KINGDOM BELIEVES THAT IT WOULD BE HELPFUL TO AMEND SLIGHTLY THE WORDING OF THE PROPOSED DEMARCHE.
2. THE UNITED KINGDOM THEREFORE PROPOSES AMENDING THE TEXT AS FOLLOWS:-
FIRST TIRET: QUOTE THE TWELVE REITERATE THEIR SERIOUS CONCERN THAT THE ISSUE OF KASHMIR SHOULD NOT BE ALLOWED TO ESCALATE IN A MANNER WHICH WOULD SERIOUSLY THREATEN THE STABILITY OF THE REGION UNQUOTE.

SECOND TIRET: QUOTE THEY WELCOME THE INDICATIONS FROM THE GOVERNMENTS OF INDIA AND PAKISTAN THAT THEY ... UNQUOTE.

THIRD TIRET: QUOTE THE TWELVE RECALLING THE CONTRIBUTION THAT CONFIDENCE-AND SECURITY-BUILDING MEASURES IN THE MILITARY SPHERE HAVE MADE TO EASING TENSIONS IN EUROPE, WELCOME THE FACT THAT PROPOSALS HAVE BEEN PUT FORWARD AND ARE BEING CAREFULLY CONSIDERED, AND ENCOURAGE BOTH GOVERNMENTS TO ADOPT SUCH MEASURES. UNQUOTE.

COREU LON
FIN DE TEXTE

YYYY

DISTRIBUTION 111

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

036377
AW15/1 MDHOAN 0651

CONFIDENTIAL
FM FCO
TO IMMEDIATE ISLAMABAD
TELNO 553
OF 121700Z JUNE 90
AND TO IMMEDIATE NEW DELHI, WASHINGTON, UKMIS NEW YORK, MOSCOW
INFO IMMEDIATE ACTOR, MODUK

KASHMIR: SECRETARY OF STATE'S MESSAGE

1. PLEASE DELIVER FOLLOWING MESSAGE FROM ME TO FOREIGN MINISTER:

BEGINS

AS A FRIEND OF BOTH PAKISTAN AND INDIA, I HAVE BEEN FOLLOWING RECENT DEVELOPMENTS WITH CLOSE ATTENTION AND CONSIDERABLE CONCERN. I HAVE BEEN MUCH ENCOURAGED BY THE LATEST STEPS WHICH HAVE BEEN TAKEN TO REDUCE THE TENSIONS, PARTICULARLY YOUR GOVERNMENT'S POSITIVE RESPONSE TO THE PACKAGE OF CONFIDENCE BUILDING MEASURES WHICH WERE PROPOSED TO YOU BY THE INDIAN GOVERNMENT ON 28 MAY. THIS COULD BE A MAJOR STEP FORWARD, AND I HOPE IT WILL LEAD TO EARLY DISCUSSIONS AND THE IMPLEMENTATION OF AGREED MEASURES.

I REMAIN CONCERNED HOWEVER AT THE TENSE STATE OF RELATIONS WHICH STILL EXIST BETWEEN PAKISTAN AND INDIA. I WELCOME THE ASSURANCES WHICH WERE CONVEYED TO LORD BRABAZON BY MISS BHUTTO'S EMISSARY, SARDAR LEGHARI, ON 31 MAY, THAT PAKISTAN DOES NOT WANT WAR. OUR OWN ASSESSMENT, BASED ON MANY CONTACTS WITHIN THE INDIAN GOVERNMENT, IS THAT INDIA TOO WISHES TO AVOID CONFLICT AND FULLY ACCEPTS THAT THE CONSEQUENCES OF A WAR WOULD BE DISASTROUS. ONE POSSIBLE STEP WHICH MIGHT HELP TO REDUCE THE RISK OF A WAR BREAKING OUT BY ACCIDENT MIGHT BE THE WITHDRAWAL OF FORCES FROM THEIR FORWARD POSITIONS. I NOTE THAT INDIA HAS RECENTLY ANNOUNCED THE WITHDRAWAL OF SOME ARMOURED TROOPS FROM SUCH A LOCATION: MAY I APPEAL TO YOU TO RESPOND WHEREVER POSSIBLE WITH WITHDRAWALS OF PAKISTANI TROOPS.

MINISTER LEGHARI ALSO ASSURED US THAT PAKISTAN WAS NOT PROVIDING ASSISTANCE TO KASHMIRI MILITANTS, DESPITE PERSISTENT INDIAN ALLEGATIONS TO THE CONTRARY. WHILE I WELCOME THESE ASSURANCES, MAY I STRESS HOW IMPORTANT IT IS THAT, TO RELIEVE THE TENSIONS

036377
MDHOAN 0651

DISTRIBUTION 111

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

CONFIDENTIAL
FM FCO
TO IMMEDIATE NEW DELHI
TELNO 614
OF 121700Z JUNE 90
AND TO IMMEDIATE ISLAMABAD, WASHINGTON, UKMIS NEW YORK, MOSCOW
INFO IMMEDIATE ACTOR, MODUK

CORRECTED VERSION

KASHMIR: SECRETARY OF STATE'S MESSAGE

1. PLEASE DELIVER FOLLOWING MESSAGE FROM ME TO FOREIGN MINISTER

BEGINS

AS A FRIEND OF BOTH INDIA AND PAKISTAN, I HAVE BEEN FOLLOWING RECENT DEVELOPMENTS WITH CLOSE ATTENTION AND CONSIDERABLE CONCERN. I HAVE BEEN MUCH ENCOURAGED BY THE LATEST STEPS WHICH YOUR GOVERNMENT HAS TAKEN TO REDUCE THE TENSIONS, AND PARTICULARLY BY THE PACKAGE OF CONFIDENCE BUILDING MEASURES WHICH YOU PROPOSED TO THE GOVERNMENT OF PAKISTAN ON 28 MAY. THIS SEEMS TO ME A MAJOR STEP FORWARD. WE HAVE DONE ALL WE CAN TO ENCOURAGE THE PAKISTANIS TO RESPOND CONSTRUCTIVELY AND POSITIVELY. I AM GLAD TO NOTE THAT THEY HAVE INDICATED THEIR INTENTION TO DO SO, AND I HOPE THAT THIS WILL LEAD TO EARLY DISCUSSIONS AND THE IMPLEMENTATION OF AGREED MEASURES.
I REMAIN CONCERNED, HOWEVER, AT THE TENSE STATE OF RELATIONS WHICH STILL EXIST BETWEEN INDIA AND PAKISTAN. I THEREFORE WELCOME THE ANNOUNCEMENT THAT SOME INDIAN ARMOURED TROOPS HAVE BEEN WITHDRAWN FROM FORWARD LOCATIONS IN THE RAJASTHAN SECTOR. THIS WILL HELP REDUCE THE RISK OF A CONFLICT STARTING BY ACCIDENT. IT WILL ALSO SEND A SIGNAL TO THE PAKISTANI AUTHORITIES, TO BACK UP THE STATEMENTS WHICH YOUR GOVERNMENT HAS MADE, THAT INDIA DOES NOT WISH TO GO TO WAR WITH PAKISTAN. OUR OWN ASSESSMENT, BASED ON MANY CONTACTS WITHIN THE PAKISTANI GOVERNMENT, IS THAT PAKISTAN, LIKE INDIA, DOES NOT WANT WAR AND IS CONVINCED THAT THE CONSEQUENCES WOULD BE DISASTROUS. MAY I THEREFORE APPEAL TO YOU TO RECOGNISE THAT ANY MORE TROOP WITHDRAWALS FROM FORWARD POSITIONS WILL HELP TO LOWER THE TENSIONS FURTHER.

I HAVE ALSO BEEN GRATEFUL FOR THE FULL BRIEFINGS WHICH OUR HIGH COMMISSION IN NEW DELHI HAVE BEEN GIVEN ON INDIAN POLICY TOWARDS THE RECENT DISTURBANCES WITHIN JAMMU AND KASHMIR. I WELL UNDERSTAND THE SERIOUSNESS OF THIS ISSUE FOR INDIA, AND THE DEEP CONCERN WHICH YOU FEEL ABOUT ALLEGED PAKISTANI SUPPORT FOR MILITANTS. WE HAVE BEEN URGING THE PAKISTANI AUTHORITIES TO PAY PARTICULAR ATTENTION TO THESE ANXIETIES, AND TO ENSURE THAT NOTHING WHATSOEVER IS DONE WHICH WOULD INCREASE YOUR SUSPICIONS OF THEIR INTENTIONS.

I AM SURE THAT THE INDIAN GOVERNMENT IS RIGHT TO ADOPT A DUAL APPROACH TO THE PROBLEM, SEEKING TO OPEN A POLITICAL DIALOGUE WITH KASHMIRI LEADERS, WHILE AT THE SAME TIME TAKING PRACTICAL STEPS TO RESTORE LAW AND ORDER WITHIN THE STATE. THE DISTURBANCES HAVE INDEED BEEN SERIOUS, AND YOUR GOVERNMENT HAS CLEARLY FELT IT NECESSARY TO TAKE STERN MEASURES TO BRING THEM UNDER CONTROL. HOWEVER, I MUST TELL YOU THAT THE BRITISH GOVERNMENT HAS RECEIVED MANY EXPRESSIONS OF CONCERN, NOT LEAST FROM MEMBERS OF THE LARGE KASHMIRI COMMUNITY IN THIS COUNTRY, ABOUT REPORTS WHICH ALLEGE THAT THE SECURITY FORCES, IN THE PROCESS OF RESTORING LAW AND ORDER, HAVE CARRIED OUT SOME SEVERE ABUSES OF HUMAN RIGHTS. WE HAVE CONDEMNED THE VIOLENT ACTS COMMITTED BY THE MILITANTS IN KASHMIR. AT THE SAME TIME, I FEEL BOUND TO MENTION OUR OWN CONCERN, WHICH I KNOW YOU SHARE, THAT HUMAN RIGHTS SHOULD BE RESPECTED BY THE CIVIL POWER IN THEIR DIFFICULT TASK.

I AM WRITING ALSO TO YAQUB KHAN, IN PARTICULAR TO REINFORCE THE MESSAGE THAT PAKISTAN SHOULD AVOID ANY STEPS WHICH WILL ADD SUPPORT TO THE MILITANTS WITHIN KASHMIR, AND TO URGE HIS GOVERNMENT TO JOIN IN AN EARLY IMPLEMENTATION OF CONFIDENCE BUILDING MEASURES, AND TO WITHDRAW THEIR FORCES FROM FORWARD LOCATIONS.

THE PROBLEMS BETWEEN INDIA AND PAKISTAN CAUSE GREAT DISTRESS TO ALL WHO WISH BOTH COUNTRIES WELL, AS THE BRITISH GOVERNMENT DOES. I EARNESTLY HOPE THAT THE RECENT LOWERING OF TENSION WILL HELP YOUR TWO COUNTRIES TO RESUME THE PATH OF FRIENDSHIP, AND A WILLINGNESS TO DISCUSS YOUR DIFFERENCES PEACEFULLY AND CONSTRUCTIVELY WITHIN THE FRAMEWORK OF THE SIMLA AGREEMENT. THE BRITISH GOVERNMENT WOULD BE HAPPY TO HELP FURTHER, IN ANY WAY WHICH MAY CONTRIBUTE TOWARDS ACHIEVING ANY OF THESE OBJECTIVES, IF BOTH SIDES WISH US TO DO SO.

I AM GREATLY LOOKING FORWARD TO MY VISIT TO INDIA IN SEPTEMBER, AND TO DISCUSSING THESE AND MANY OTHER ISSUES WITH YOU THEN.

HURD

YYYY

DISTRIBUTION 111

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

(H)

041250
MDHIAN 5030

CONFIDENTIAL
FM NEW DELHI
TO IMMEDIATE FCO
TELNO 833
OF 151205Z JUNE 90
INFO IMMEDIATE ISLAMABAD, WASHINGTON, UKMIS NEW YORK, MOSCOW
INFO IMMEDIATE ACTOR, MODUK
INFO SAVING BOMBAY, CALCUTTA, MADRAS

SIC U2H/ACA/EAD/Z7A

YOUR TELNO 614 : KASHMIR: MESSAGE TO INDIAN FOREIGN MINISTER

SUMMARY

1. GUJRAL GRATEFUL FOR THE FRIENDLY SPIRIT OF YOUR MESSAGE. ENDORSES YOUR REFERENCES TO THE IMPORTANCE OF HUMAN RIGHTS AND HOPES AMNESTY INTERNATIONAL WILL SOON BE ALLOWED INTO KASHMIR. SAYS PAKISTANI RESPONSE ON CBMS DISAPPOINTING IN SOME RESPECTS BUT GOI KEEN TO MAINTAIN THE DIALOGUE. INDIAN REPLY WILL BE CONSTRUCTIVE, AND POSITIVE ON PROPOSED MEETING OF FOREIGN SECRETARIES (WITHOUT AN AGENDA). PROFESSES UNDERSTANDING FOR MS BHUTTO'S INTERNAL DIFFICULTIES: INDIA WILL NOT EXPLOIT THEM, AND WANTS HER TO CONTINUE AS PRIME MINISTER. INDIGNANTLY REJECTS ALLEGATIONS OF INDIA INVOLVEMENT IN SINDH.

DETAIL

2. GUJRAL RESPONDED PROMPTLY TO MY REQUEST FOR AN APPOINTMENT TO DELIVER YOUR MESSAGE AND RECEIVED ME THIS AFTERNOON. RAJAN (JOINT SECRETARY, WESTERN EUROPE DIVISION) WAS ALSO PRESENT. I BEGAN BY OFFERING MY CONGRATULATIONS ON THE SETTLEMENT REACHED BETWEEN INDIA AND NEPAL. GUJRAL SAID THAT IT WAS A GRATIFYING SUCCESS FOR THE GOI'S POLICY OF IMPROVING RELATIONS WITH INDIA'S NEIGHBOURS. THE NEPALESE CABINET HAD ALREADY ENDORSED THE SETTLEMENT AND LIFTED THE ADDITIONAL DUTY ON EXPORTS FROM INDIA. INDIA WOULD START EARLY NEXT WEEK TO REOPEN ALL THE BORDER CROSSING POINTS.

3. IN HANDING OVER YOUR MESSAGE, I SAID THAT WE CONTINUED TO REGARD THE KASHMIR ISSUE AS ONE TO BE SETTLED BILATERALLY BETWEEN THE GOI AND THE GOP. YOUR MESSAGE DERIVED FROM OUR CONCERN, AS THE FRIEND OF BOTH COUNTRIES, AT THE POSSIBILITY OF A WAR BREAKING

OUT WHICH COULD HAVE DISASTROUS CONSEQUENCES FOR BOTH COUNTRIES AND DAMAGING REPERCUSSIONS FOR ALL OF US. WE RECOGNISED THAT THE GOI DID NOT HAVE WAR-LIKE INTENTIONS, BUT GIVEN THE CONFRONTATION OF FORCES AND THE INFLAMED PASSIONS ON BOTH SIDES THE RISK OF ONE SIDE MISINTERPRETING THE INTENTIONS OF THE OTHER WAS CLEARLY PRESENT. I DREW ATTENTION TO THE FACT THAT YOU WERE SENDING A PARALLEL MESSAGE TO YAQUB KHAN, URGING PAKISTAN TO AVOID ANY STEPS WHICH WOULD HELP THE MILITANTS WITHIN KASHMIR, AND EXPLAINED THAT OUR CONCERN ABOUT THE HUMAN RIGHTS SITUATION STEMMED IN PART FROM PARLIAMENTARY ANXIETY AND THE ANXIETIES OF THE LARGE KASHMIRI COMMUNITY IN THE UK.

4. HAVING READ THE MESSAGE CAREFULLY, GUJRAL ASKED ME TO CONVEY HIS THANKS. HE APPRECIATED THE FRIENDLY SPIRIT BEHIND IT AND WOULD SEND A REPLY AS SOON AS HE RETURNED FROM HIS FORTHCOMING VISIT TO IRAQ AND THE FRG. HE EMPHASISED THAT HE TOOK NO (NO) EXCEPTION TO YOUR REFERENCES TO HUMAN RIGHTS: THIS WAS NOW A MAJOR SUBJECT OF INTERNATIONAL DIPLOMACY, TO WHICH HE HIMSELF ATTACHED THE GREATEST IMPORTANCE. IT WAS IMPOSSIBLE TO DENY THAT THINGS HAD HAPPENED IN KASHMIR WHICH SHOULD NOT HAVE HAPPENED. INTERNATIONAL OPINION HAD PERHAPS BEEN ONE-SIDED IN UNDER-PLAYING THE HUMAN RIGHTS VIOLATIONS COMMITTED BY THE MILITANTS. BUT THE NEW GOVERNOR, AS WELL AS EXERCISING TIGHTER DISCIPLINE OVER THE SECURITY FORCES, WAS ACTIVELY LOOKING INTO ALL ALLEGED ABUSES. THE ARMY OFFICERS RESPONSIBLE FOR THE UNAUTHORISED ARREST OF THE BBC STRINGER, JAMEEL (WHICH THE GOI DEEPLY DEPLORED), WERE TO BE COURT MARTIALLED. KASHMIR WAS NOW OPEN TO FOREIGN JOURNALISTS, AND THE STORIES THEY WERE SENDING WERE QUOTE BEGINNING TO BE LESS AWFUL UNQUOTE THAN THEY HAD BEEN EARLIER. HE (GUJRAL) WAS HIMSELF A MEMBER OF AMNESTY AND HE WAS HOPEFUL THAT AGREEMENT WOULD SOON BE REACHED WITHIN THE GOI TO ALLOW AMNESTY INTERNATIONAL INTO KASHMIR. THIS WAS AS IT SHOULD BE: INDIA WAS A DEMOCRATIC AND OPEN SOCIETY AND SHOULD BE SEEN TO BE SO. I ASKED ABOUT THE ICRC, WITH REFERENCE TO PROPOSALS WHICH I UNDERSTOOD THEY HAD PUT TO THE HOME MINISTERY FOR ICRC INVOLVEMENT IN VISITING DETAINEES ETC. GUJRAL SAID HE WAS NOT AWARE OF THESE PROPOSALS BUT WOULD HAVE THEM LOOKED INTO AT ONCE.

5. ON CBMS, GUJRAL SAID THAT THE PAKISTANI RESPONSE TO THE INDIAN PROPOSALS HAD BEEN DISAPPOINTING IN THAT IT CONCENTRATED ON THE MILITARY CBMS RATHER THAN THE NON-MILITARY ONES. BUT THE GOI WAS TAKING THE PAKISTANI RESPONSE SERIOUSLY. THEY WOULD BE REPLYING TO IT WITHIN A DAY OR TWO. HE HOPED THEY WOULD BE ABLE

TO TAKE US INTO THEIR CONFIDENCE EARLY NEXT WEEK. IN GENERAL, THE INDIAN APPROACH WAS POSITIVE: THEY BELIEVED THAT THE DIALOGUE WITH PAKISTAN SHOULD BE SUSTAINED AND WERE ANXIOUS TO PREVENT ANY INCREASE OF TENSION.

6. GUJRAL SAID THAT THERE HAD AS YET BEEN NO PAKISTANI RESPONSE TO THE UNILATERAL WITHDRAWAL OF CERTAIN INDIAN UNITS FROM THE BORDER AREA NOR HAD THE INDIANS DETECTED ANY REDUCTION IN THE LEVEL OF PAKISTANI SUPPORT FOR THE MILITANTS. INDEED THE PAKISTANIS WERE NOW DENYING THAT THEY HAD TOLD THE AMERICANS THAT 31 TRAINING CAMPS HAD BEEN CLOSED. THE GOI WAS, HOWEVER, AWARE OF THE SERIOUS INTERNAL DIFFICULTIES FACING THE GOP. THEY HAD NO INTENTION OF TAKING ADVANTAGE OF THESE OR OF ADDING TO THEM. THEY WERE ANXIOUS THAT DEMOCRACY IN PAKISTAN SHOULD CONTINUE AND THAT MS BHUTTO SHOULD SURVIVE AS PRIME MINISTER. THEY WERE ALSO DEEPLY WORRIED ABOUT THE TROUBLES IN SINDH AND THE SUFFERINGS BEING CAUSED THERE TO PEOPLE WHO WERE MOSTLY MIGRANTS FROM INDIA. PAKISTANI ALLEGATIONS THAT INDIA WAS STIRRING UP TROUBLE IN SINDH WERE TOTALLY WITHOUT FOUNDATION: THEY WERE SIMPLY A TACTICAL RESPONSE TO JUSTIFIED INDIAN COMPLAINTS ABOUT THE SUPPORT WHICH PAKISTAN WAS UNDOUBTEDLY GIVING TO EXTREMISTS IN KASHMIR AND PUNJAB.

7. I SAID THAT GUJRAL'S REMARKS WERE IN REASSURING CONTRAST TO THE SOMEWHAT NEGATIVE ACCOUNTS OF THE GOI'S REACTION TO THE PAKISTANI RESPONSE ON CBMS WHICH HAD APPEARED IN THE INDIAN PRESS LAST WEEKEND (MY TELNO 804), AND AN APPARENTLY AUTHORITATIVE PIECE IN THE HINDU OF 13 JUNE (COPY BY BAG. GUJRAL SAID DISMISSIVELY THAT JOURNALISTS ALWAYS TENDED TO TAKE A NEGATIVE LINE. THE INDIAN RESPONSE TO THE PROPOSAL FOR A MEETING OF FOREIGN SECRETARIES WOULD BE POSITIVE: AND HE AGREED WITH/THAT THIS SHOULD BE WITHOUT AN AGENDA. I ASKED WHETHER, IN THE MEANTIME, THE HOT LINE WAS IN REGULAR USE AND BOTH SIDES WERE NOTIFYING ONE ANOTHER OF ALL THE VARIOUS TROOP MOVEMENTS THAT WERE TAKING PLACE AND THE REASONS FOR THEM. GUJRAL SAID THAT, AS FAR AS HE WAS AWARE (COMMENT: A POSSIBLY SIGNIFICANT QUALIFICATION), THE MILITARY HOT LINE WAS WORKING WELL AND WAS IN REGULAR USE. I ASKED WHETHER IT WAS CORRECT, AS REPORTED IN THE PRESS, THAT THE INDIANS HAD ASKED THE GOP TO HAND OVER WASSAM SINGH ZAFFARWAL (PANTHIC COMMITTEE) AND AMANULLAH KHAN (JKLF), TO INDIA, AND TO DEPORT LAL SINGH TO THE UNITED STATES (WHERE HE IS SAID TO BE WANTED BY THE FBI). GUJRAL SAID THAT A PARAGRAPH TO THIS EFFECT HAD BEEN INCLUDED IN THE INDIAN CBM PROPOSALS BUT THE PAKISTANIS HAD COMPLETELY IGNORED IT. (COMMENT: NO SUCH PARAGRAPH WAS INCLUDED IN THE TEXT WHICH THE INDIANS GAVE US AND THE PAKISTANI HIGH

041250
MDHIAN 5030

NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS

PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

cc DF

054600
MDHIAN 5630

DL
RS

CONFIDENTIAL
FM ISLAMABAD
TO IMMEDIATE FCO
TELNO 788
OF 200947Z JUNE 90
INFO IMMEDIATE NEW DELHI, WASHINGTON, UKMIS NEW YORK
INFO PRIORITY MOSCOW, ACTOR, MODUK
INFO SAVING KARACHI

YOUR TELNO 555 : KASHMIR : MESSAGE TO PAKISTANI FOREIGN MINISTER

SUMMARY

1. PAKISTAN FOREIGN MINISTER ACKNOWLEDGES POINTS IN SECRETARY OF STATE'S MESSAGE. DENIES KNOWLEDGE OF ANY TRAINING ACTIVITIES IN PAKISTAN OR ASSISTANCE TO TERRORISTS IN KASHMIR. NO SUPPORT FOR JKLF PROVISIONAL GOVERNMENT. WELCOMES PROSPECT OF TALKS WITH INDIA AT FOREIGN SECRETARY LEVEL.

DETAIL

2. AS SOON AS THE MUSLIM WEEKEND WAS OVER I ASKED TO SEE THE FOREIGN MINISTER. SINCE THE TEXT OF YOUR MESSAGE HAD ALREADY BEEN DELIVERED TO TANVIR AHMED IN LONDON (AND SENT BACK BY THE HIGH COMMISSION TO THE MFA), I WAITED UNTIL I COULD SEE YAQUB KHAN PERSONALLY, WHICH WAS YESTERDAY AFTERNOON, 19 JUNE. THE PREVIOUS DAY HE HAD BEEN TIED UP WITH THE ECONOMIC COOPERATION ORGANISATION (ECO) MEETING, - NEWLY REVIVED AT MINISTERIAL LEVEL WITH TURKEY AND IRAN - AND HE HAD JUST COME FROM A BILATERAL WITH THE IRANIAN FOREIGN MINISTER.

3. NAEEM UL HASSAN, THE DIRECTOR GENERAL FOR THE UK AND THE COMMONWEALTH, WHO WAS PRESENT AT THE MEETING, TOLD ME AFTERWARDS THAT THEY HAD NOT IN FACT HAD TIME TO SHOW THE TEXT OF YOUR MESSAGE TO YAQUB. WHEN I HANDED IT TO HIM, THEREFORE, HE READ IT WITH GREAT ATTENTION.

4. I EXPLAINED THAT BRITAIN, AS A FRIEND OF BOTH INDIA AND PAKISTAN, WAS GENUINELY CONCERNED ABOUT THE POSSIBILITY OF A CONFLICT ARISING THROUGH MISJUDGEMENT WHICH WOULD GRAVELY DAMAGE THE INTERESTS OF BOTH COUNTRIES AND OF EVERYONE ELSE. THE PERCEPTION OF TENSION ON THE BORDERS TENDED TO RISE AND FALL BUT EXPERTS IN LONDON HAD NO DOUBT THAT A SERIOUS THREAT TO PEACE STILL EXISTED. YOU HAD DRAWN THE ATTENTION OF THE INDIAN FOREIGN MINISTER, IN A PARALLEL MESSAGE, TO OUR CONCERN AND THE CONCERN OF

THE PEOPLE OF KASHMIRI ORIGIN IN THE UK AT REPORTS OF ABUSES OF HUMAN RIGHTS IN KASHMIR. SIMILARLY, WE WERE OPPOSED TO TERRORISM OF ANY SORT. WE HOPED THE PAKISTAN GOVERNMENT WOULD CONDEMN TERRORIST ACTIVITIES AGAINST CIVILIANS IN KASHMIR, HOWEVER MUCH THEY MIGHT SUPPORT THE POLITICAL AIMS OF THE KASHMIRIS, AND THAT THEY SHOULD NOT DO ANYTHING THAT TO ENCOURAGE INDIAN PERCEPTIONS THAT THE PAKISTAN GOVERNMENT WAS MATERIALLY SUPPORTING THE DISSIDENTS IN KASHMIR.

5. YAQUB SAID HE HAD NOTED THE FIRM WORDS USED IN THE MESSAGE ON THIS POINT. HE UNDERSTOOD THAT WE WISHED TO BE NEUTRAL AND RELAY THE CONCERNS OF EACH SIDE TO THE OTHER. (I INTERJECTED THAT IT WAS NOT JUST THIS, WE WERE CONVEYING OUR OWN JUDGEMENT ON THESE ISSUES). YAQUB SAID THAT OF COURSE THE PAKISTAN GOVERNMENT WAS OPPOSED TO TERRORISM. THEY HAD SUFFERED FROM IT THEMSELVES. THEY WERE NOT AIDING OR ABETTING TERRORISTS IN KASHMIR. EVEN IF THEY WERE, AND THIS WAS A HYPOTHETICAL SUGGESTION INVOLVING ABSOLUTELY NO COMMITMENT, ANYTHING DONE ON THIS SIDE OF THE BORDER WOULD HAVE NO MORE THAN A MARGINAL EFFECT ON WHAT WAS HAPPENING INSIDE KASHMIR. IF ANYONE SERIOUSLY THOUGHT THAT PAKISTAN WAS INVOLVED IN HELPING TERRORISTS, THEN THEY SHOULD TAKE UP PAKISTAN'S SUGGESTION FOR SOME SORT OF MONITORING OR OBSERVER FORCE TO LOOK AT THE SITUATION ON THE GROUND. WHEN I REMINDED HIM THAT THE INDIANS SAID THIS WOULD NOT BE A SURE CHECK, HE SAID THAT THE INDIANS COULD NOT BE ALLOWED TO BE BOTH ACCUSER AND JUDGE IN THE CAUSE. HE COULD NOT SAY THAT NO INDIVIDUAL EVER CROSSED THE BORDER WITH A GUN, BUT A MONITORING FORCE, WITH AS MUCH PRESENCE OF THE INDIAN ARMY ON THEIR OWN SIDE AS THEY WISHED, SHOULD BE ABLE TO ESTABLISH THE FACTS.

6. I SAID THAT SPEAKING PERSONALLY, I DID NOT CONTEST THAT ANY MATERIAL SUPPORT FROM THE PAKISTAN SIDE, IF IT EXISTED, WOULD ONLY HAVE A MARGINAL EFFECT ON WHAT HAPPENED INSIDE KASHMIR. ON THE OTHER HAND, ONE HAD TO BEAR IN MIND PERCEPTIONS, AND INDIAN PERCEPTIONS WERE VERY STRONG THAT PAKISTAN WAS DELIBERATELY STIRRING UP TOUBLE IN KASHMIR, OR AT LEAST TURNING A BLIND EYE TO VARIOUS GROUPS WHO WERE DOING THIS. THERE WAS THUS THE POSSIBILITY OF A MISCALCULATION BY THE INDIANS ON THE BASIS THAT PAKISTAN HAD ALREADY STARTED AN UNDECLARED WAR. THERE WAS CERTAINLY EVIDENCE FROM DEFECTORS, PRODUCED BY THE INDIANS, WHICH COULD NOT BE ENTIRELY DISMISSED. WE ALSO HAD REPORTS OF KASHMIRIS BEING TRAINED BY THE AFGHANS AND EVEN OF A CONNECTION WITH SIKHS.

7. YAQUB SAID THAT HE KNEW NOTHING OF ANY SUCH ACTIVITY BUT, SPEAKING PERSONALLY, HE DID NOT BELIEVE THAT IT WOULD MAKE ONE

IOTA OF A DIFFERENCE TO THE INDIANS WHETHER OR NOT ANY ACTIVITY WAS BEING PROMOTED OF THIS SORT. THEY WERE DETERMINED TO HOLD ONTO KASHMIR AND TO BLAME PAKISTAN FOR THE TROUBLES THEY WERE HAVING THERE.

8. I SAID ONE WAY OF REDUCING TENSION WOULD BE TO TELL THE INDIANS WHAT ACTION HAD BEEN TAKEN AGAINST TRAINING CAMPS, THOUGH THERE WAS SOME CONFUSION ABOUT WHETHER A MESSAGE HAD BEEN CONVEYED ABOUT THE 31 CAMPS BEING CLOSED. YAQUB SAID THE MFA HAD FAILED TO FIND OUT THE ORIGIN OF THIS STATEMENT, IF IT HAD BEEN MADE. IT WOULD HAVE BEEN A TACTICAL MISTAKE SUGGESTING THERE HAS BEEN SO MANY CAMPS. I QUESTIONED THIS, SAYING THAT CAMPS MIGHT ONLY BE VILLAS WHEREGROUPS OF YOUNG MEN WERE TRAINING TOGETHER, SO 31 WAS NOT PREPOSTEROUS. IT SEEMED TO ME A GOOD IDEA TO TELL THE INDIANS IN CONFIDENCE THAT THE PAKISTANIS WERE TRYING TO STOP THIS SORT OF ACTIVITY.

9. WHEN I REFERRED TO THE STATEMENT IN THE PRESS THAT MORNING (MY TELNO 786 - NOT TO ALL) OF AMANULLAH KHAN, CHAIRMAN OF THE JKLF, ANNOUNCING A PROVISIONAL GOVERNMENT FOR KASHMIR, YAQUB SAID THAT IF PROOF WERE WANTED, THIS WOULD SHOW THAT THE PAKISTAN GOVERNMENT WERE NOT SUPPORTING THESE ELEMENTS. AMANULLAH KHAN'S IDEAS WENT COMPLETELY AGAINST THE POLICY OF THE PAKISTAN GOVERNEMNT WHICH WAS THAT THERE SHOULD BE A PLEBICITE TO DECIDE WHETHER THE PEOPLE OF KASHMIR WISHED TO JOIN INDIA OR PAKISTAN. HIS PROPOSALS WOULD ALSO BE UNWELCOME TO MOST OF THE POLITICIANS IN AZAD KASHMIR. I SAID I HAD RECENTLY BEEN TOLD HOW MUCH THE KASHMIRIS IN BRITAIN RESENTED THE TACTICS OF THE JKLF WHICH SUGGESTED TO OUTSIDERS THAT THE KASHMIRIS WERE INVOLVED IN VIOLENT TERRORISM. I EXPLAINED THAT AMANULLAH KHAN HAD BEEN DEPORTED FROM THE UK SOME YEARS BEFORE (WHICH SEEMED NEW TO YAQUB) FOR INVOLEMENT IN TERRORIST ACTIVITIES LINKED WITH THE MURDER OF THE INDIAN DIPLOMAT IN THE MIDLANDS. THERE WAS A QUESTION PRESUMABLY OF HOW MUCH FREEDOM AMANULLAH KHAN SHOULD BE ALLOWED IN PAKISTAN, SINCE THIS ALSO FUELLED INDIAN SUSPICIONS. YAQUB SAID THAT THE FOREIGN MINISTYR WOULD BE ISSUING A STATEMENT CONTRADICTING AMANULLAH KHAN'S PROVISIONAL GOVERNMENT IDEA (IT ISSUED THIS MORNING, MILDLY SAYING THAT THE PAKISTAN GOVERNEMTN STILL SUPPORTED THE IDEA OF A PLEBICITE). THEY WERE THINKING CAREFULLY ABOUT WHAT ATTITUDE TO TAKE TOWARDS AMANULLAH KHAN WITHOUT TURNING HIM INTO A MARTYR. I SUGGESTED THEY MIGHT BE HAVING THE SAME PROBLEMS WITH AMANULLAH THAT THEY HAD WITH HEKMATYAR, YAQUB DID NOT DENY THIS.

10. YAQUB CONFIMED THAT THE PAKISTAN GOVERNEMNT CONTINUED TO

WASLIKELY TO MAKE ANOTHER WHIRLWIND TOUR OF SOME OF THE MUSLIM COUNTRIES SHE HAD NOT YET VISITED. THERE WAS THE POSSIBLITY THAT THERE MIGHT BE A FOREIGN MINISTER'S SAARC MEETING IN KATHMANDU IN MID AUGUST, WHICH WOULD ALLOW AN UNOBTRUSIVE BILATERAL WITH GUJRAL IN THE MARGINS IF ALL WENT WELL, BUT THE SITUATION IN SRI LANKA CONTINUED TO MAKE EVERYTHING CONECTED WITH SAARC UNCERTAIN.

14. I TOOK THE OPPORTUNITY TO GIVE YAQUB KHAN A BRIEF SUMMARY OF OUR IMPRESSIONS OF CONGRESS (I) VIEWS WITHOUT ATTRIBUTING THEM TO RAJIV GANDHI. HE SAID THIS COINCIDED WITH HIS OWN INFORMATON.

15 AT THE END OF THE MEETING WE DISCUSSED BRIEFLY AFGHANISTAN AND IRAN AND I HANDED OVER A NOTE ABOUT SIR R JENNINGS' CANDIDATURE FOR THE ICJ. SEPARATE REPORTS FOLLOW AS APPROPRIATE.

BARRINGTON

YYYY

DISTRIBUTION 111

MAIN 103

.KASHMIR
LIMITED
SAD
SCD
NEWS D
ECD(E)
PUSD
SOVIET D
RAD
UND
CCD
LEGAL ADVISERS
CONSULAR D
PS
PS/MRS CHALKER
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR SLATER
MR BURNS
MISS SPENCER

ADDITIONAL 8

KASHMIR

NNNN

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

EHG(D) 90 (25)

19 June 1990

EUROPEAN COUNCIL, DUBLIN : 25/26 JUNE 1990

IRAN (Defensive briefing)

OBJECTIVES

1. To support the Presidency's wish to continue work on the text of a statement on relations with Iran.

2. To stress that it is premature to withdraw visits ban.

POINTS TO MAKE (Only if raised)

- Recognise that some Partners have reservations about drafting exercise for a statement. Fully agree that final text must not compromise fundamental values of our societies. Agree with the Presidency that we should continue to explore whether a suitably strongly worded statement can be put together.

- Too soon to argue that visits ban should be lifted. Negotiations over a statement give a chance to exert pressure on Iran across a broad range of issues, including hostages. Withdrawal of visits ban now will remove one of few remaining incentives for Iranians to agree to a strongly worded text.

XTCAAS

REFERENCES: A : Draft statement on EC/Iran relations
B : Dublin telno 502

BACKGROUND

1. On 13 June the Political Committee discussed the Presidency's draft statements on EC/Iran relations (Dublin telno 502). A number of Partners expressed strong reservations. The French took the initiative in arguing that the process of negotiating a statement should be abandoned, as it was unlikely to extract from the Iranians the withdrawal of the fatwa. Other Partners were concerned about the possibility of compromising basic principles such as freedom of expression. There was reluctant agreement, however, that the attempt should be made to put together statements. The Presidency have asked for detailed comments on their draft text, which already includes our suggested amendments.

2. None of the Partners argued at the last Political Committee that the visits ban should be withdrawn now. But the French have already made known their firm views on this point (supported by the Italians). They may again press for this as a positive incentive to the Iranians to reform their ways, instead of fruitlessly trying to obtain Iranian agreement to a tough statement.

Mr Flemington

Mr Young, MED

cc FSC Unit files

The Presidency circulated these at the Political Committee on 12-13 June. Subsequent discussion is recorded in Dublin telno 502

Mr Kettle
Here these
copied by bag
addressed
to the ~~posts~~
our tel No 387?
18/6

18/6

Text as in CPE/PRES/DUB 518,
as amended by CPE/LON 309

Tom Smith 14/6

DRAFT STATEMENT BY THE TWELVE

The Twelve appreciate that religion or belief is one of the fundamental elements in the conception of life of anyone who professes either. They also appreciate that insults or perceived insults to religion or belief cause pain and anger and that this is particularly the case when an entire religious community feels affected.

The Twelve do not condone insults to any religion. They have the fullest respect for the religious feelings of all. They are careful to avoid insulting or otherwise wounding by their own actions the religious susceptibilities of individuals or groups. Moreover, they are committed to promoting understanding, tolerance and respect for persons of all religious affiliations in their own countries and to taking appropriate measures to combat intolerance on the grounds of religion.

The Twelve recall that the member States of the European Community and the Islamic Republic of Iran have pledged, in the International Covenant on Civil and Political Rights, to uphold the right of everyone to freedom of thought, conscience and religion and the right to freedom of expression. They remain fully committed to the principles of freedom of thought and expression within their territories and to protecting their citizens who exercise these basic rights within the limits defined by law.

The Twelve member States of the European Community have noted the declaration of the Islamic Republic of Iran, in which it confirms that, in accordance with the United Nations Charter, it is the policy of the Islamic Republic of Iran to refrain in its international relations from the threat or use of force either against the territorial integrity or political independence of any State or in any other manner inconsistent with the purposes of the United Nations. They welcome Iran's statement that it does not condone the violation of international law by the unwarranted interference in the internal affairs of any country or by any resort to terrorist acts. They also welcome Iran's assurances that it will use its best efforts to prevent any harm coming to a citizen of the EC as a result of an Islamic verdict.

The Twelve declare their willingness to seek to resolve other outstanding issues which lie between them and Iran on the basis of mutual respect and benefit.

ELEMENTS WHICH MIGHT SOUGHT IN A STATEMENT BY IRAN

Religion and belief are among the fundamental elements in an individual's conception of life. Insults to religion or belief cause pain and anger and this is particularly the case when an entire religious community is affected. Accordingly, the Islamic Republic of Iran welcomes the statement by the Twelve members of the European Community that they do not condone insults to any religion.

The Islamic Republic of Iran observes the principles and obligations that govern relations between sovereign states in international law. It confirms that, in accordance with the United Nations Charter, it is the policy of the Islamic Republic of Iran to refrain in its international relations either from the threat or use of force against the territorial integrity or political independence of any State or in any other manner inconsistent with the purposes of the United Nations.

The Islamic Republic of Iran is committed to following Islamic principles. It recalls that Islamic verdicts are an established element of Islam. It also recalls that any such verdicts do not call for, and Iran does not condone, the violation of international law by the unwarranted interference in the internal affairs of any country or by any resort to terrorist acts. Nor does the Islamic Republic of Iran condone any violation of the human rights of an individual, including those of citizens of the EC. It will use its best efforts to prevent any harm which might come to them because of an Islamic verdict.

Iran declares its willingness to seek to resolve other outstanding issues which lie between it and the Twelve on the basis of mutual respect and benefit.

CONFIDENTIAL
FM DUBLIN
TO DESKBY 131200Z FCO
TELNO 502
OF 130950Z JUNE 90
INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK, STOCKHOLM, BONN
INFO IMMEDIATE PARIS, UKREP BRUSSELS
INFO PRIORITY OTHER EC POSTS, UKDEL NATO, TOKYO, MOSCOW
INFO ROUTINE BAGHDAD, RIYADH
INFO SAVING STRASBOURG

POLITICAL COMMITTEE: DUBLIN: 12/13 JUNE: IRAN

SUMMARY

1. PROPOSED EXCHANGE WITH IRANIANS OF DRAFT TEXTS ON FREEDOM OF EXPRESSION/RESPECT FOR RELIGION RUNS INTO UNEXPECTEDLY STRONG OBJECTIONS. AMENDMENTS TO BE CIRCULATED BY COREU, BUT AGREEMENT ON DRAFTS WILL EVIDENTLY NOT BE EASY.

DETAIL

2. MURPHY (PRESIDENCY) REFERRED TO MUSSAVIAN'S MEETING WITH THE TROIKA ON 16 MAY AND HIS SUGGESTION OF AN EXCHANGE OF STATEMENTS IN WHICH THE TWELVE WOULD EXPRESS THEIR CONDEMNATION OF INSULTS TO RELIGION. THE PRESIDENCY HAD CIRCULATED DRAFTS FOR SUCH AN EXCHANGE. (HE CIRCULATED FRESH DRAFTS WHICH TOOK ACCOUNT OF THE UK'S POINTS SENT BY COREU). THEY PROPOSED TO HAND THESE OVER TO THE IRANIAN EMBASSY IN DUBLIN, MAKING CLEAR THAT THE TWELVE WERE INTERESTED IN IMPROVING THEIR RELATIONS WITH IRAN, WOULD WELCOME ANY CONCRETE STEPS WHICH IRAN TOOK TO THIS END (AND HAD SUGGESTED SOME), AND THAT THE EXERCISE WAS A RESPONSE TO AN IRANIAN SUGGESTION.

3. DE LACOSTE (FRANCE) IMMEDIATELY OBJECTED. HE REHEARSED THE GRAVITY OF THE ISSUE AT STAKE BETWEEN THE TWELVE AND IRAN. BUT IN THE LIGHT OF IRANIAN DECLARATIONS, SINCE MUSSAVIAN'S PROPOSALS, THAT THE FATWA AGAINST RUSHDIE STOOD AND WOULD CONTINUE TO STAND, WAS IT WORTHWHILE TRYING TO AGREE AN EXCHANGE OF STATEMENTS? WE WOULD SIMPLY GET A FLAT RESPONSE THAT THE FATWA REMAINED VALID.

4. WESTON (UK) SAID THAT WE WOULD HAVE TO TRY AND SEE. MUSSAVIAN'S SUGGESTION WAS NEW AND INTERESTING. IF WE DID NOT TRY, WE WOULD NOT KNOW WHETHER IT WAS POSSIBLE TO GET AN IRANIAN STATEMENT ACCEPTING THAT INTERNATIONAL RELATIONS SHOULD BE SUBJECT TO THE AGREED NORMS OF INTERNATIONAL LAW.

5. VAN WALSUM (NETHERLANDS) SAID THAT HE WOULD NOT WISH TO BLOCK THE INITIATIVE: BUT HE WHOLLY SHARED FRENCH MISGIVINGS. WE WERE DEALING WITH MATTERS OF PRINCIPLE. THE DRAFTS WOULD BE CLOSELY EXAMINED BY THE AYATOLLAHS: THEY WOULD NOT AGREE TO THEM: BUT BECAUSE OF THE HOSTAGE SITUATION THE TWELVE WOULD BE TEMPTED TO NEGOTIATE ON IRANIAN DRAFTS AND CEDE POINTS OF PRINCIPLE. THIS WAS ONE OF THE MOST SLIPPERY SLOPES THE TWELVE COULD EMBARK UPON. HE COULD NOT SEE ANY COMMON GROUND IN THE AREAS OF RELIGION AND FREEDOM OF EXPRESSION BEING POSSIBLE BETWEEN THE TWELVE AND IRANIAN FUNDAMENTALISTS. WESTON SAID THAT MUCH THE SAME COULD HAVE BEEN SAID WHEN THE WEST EMBARKED UPON THE ORIGINAL CSCE PRINCIPLES EXERCISE WITH COMMUNIST STATES SEMI COLON BUT WE NOW KNEW THE RESULT. THE ESSENCE OF DIPLOMACY WAS TO ESTABLISH COMMON GROUND AND THE ''RULES OF THE ROAD'' FOR INTERNATIONAL RELATIONS. WE MIGHT IN THE FUTURE HAVE TO DEAL MORE COMPREHENSIVELY WITH ISLAMIC FUNDAMENTALISM, NOT JUST IN IRAN, JUST AS WE HAD WITH COMMUNISM. IN THE CIRCUMSTANCES WE OWED OURSELVES THE EFFORT OF MAKING THE ATTEMPT.

6. HOFSTETTER (FRG) SAID THAT HE HAD SUPPORTED THE EXERCISE, BUT FOUND THE DOUBTS EXPRESSED NOT UNCONVINCING. THE OBJECT WAS TO STRENGTHEN THE HANDS OF THE MODERATES IN IRAN SEMI COLON BUT FAILURE, WHICH WAS ALL TOO PROBABLE, MIGHT DO THE OPPOSITE. PERLOT (ITALY) SAID THAT HE HAD ALWAYS HAD DOUBTS, BUT NOW SUPPORTED THE UK. WE WERE RESPONDING TO AN IRANIAN REQUEST. IF THEIR RESPONSE TO US WAS NEGOTIABLE, WE COULD NEGOTIATE. IF IT RAISED QUESTIONS OF PRINCIPLE, WE COULD REPLY TO THEIR ASSERTIONS THAT 1,400 YEARS OF ISLAMIC PRINCIPLES COULD NOT BE DISCARDED BY SAYING THAT 2,000 YEARS OF OUR PRINCIPLES COULD NOT BE CHANGED EITHER. PERPINA (SPAIN) AGREED. HE WAS WHOLLY PESSIMISTIC ABOUT THE LIKELY RESULTS OF THE EXERCISE. BUT WE COULD STILL TRY.

7. VAN LOOCKE (BELGIUM) AGREED WITH DE LACOSTE. FAILURE WOULD BE COUNTER-PRODUCTIVE. HE WAS WILLING TO ACQUIESCE NEVERTHELESS, BUT WE MUST NOT LET EXCHANGES WITH IRAN GO ON INTERMINABLY.

8. BRUUN (DENMARK) SAID THAT HE HAD THE GRAVEST DIFFICULTIES OF PRINCIPLE. FOR DENMARK FREEDOM OF EXPRESSION MUST HAVE GREATER WEIGHT THAN RESPECT FOR RELIGION. KASEL (LUXEMBOURG) AGREED. IT WOULD BE VERY DIFFICULT TO GET ANY TEXTS AGREED BY HIS MINISTERS. FREEDOM OF EXPRESSION, AND CONSTITUTIONAL ISSUES, WERE INVOLVED. WE RISKED ENGAGING IN A PROCESS WHICH THE IRANIANS WOULD USE TO UNDERMINE FUNDAMENTAL HUMAN RIGHTS. MACEDO (PORTUGAL) EXPRESSED SIMILAR GENERAL UNHAPPINESS.

9. MURPHY SAID THAT THE TIME TO TALK ABOUT WHAT TO DO IF THE EXERCISE PROVED COUNTER-PRODUCTIVE WAS WHEN IT WAS EVIDENT THAT THAT WAS THE CASE SEMI COLON AND THE RIGHT ACTION THEN WOULD BE QUICKLY TO DRAW A LINE UNDER THE EXERCISE: LONG DRAWN OUT EXCHANGES WERE OUT OF THE QUESTION. BUT THE PRESIDENCY WISHED TO GO AHEAD WITH THE TASK OF FINDING DRAFTS ACCEPTABLE TO THE TWELVE, AND PRESENTING THESE TO THE IRANIANS. IF THE PRESENT TEXTS WERE DEFICIENT, PARTNERS SHOULD PUT FORWARD AMENDMENTS BY COREU. NO-ONE WAS PREPARED TO BLOCK THIS CONCLUSION, ALTHOUGH FURTHER DOUBTS WERE EXPRESSED.

FENN

FCO PLEASE PASS TO SAVING ADDRESSEE

YYYY

DISTRIBUTION 253

MAIN 214

IRAN/IRAQ MED
LIMITED

ADDITIONAL 38

IRAN/IRAQ

SAVING 1

STRASBOURG

NNNN

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

EHG(D) 90 (26)

19 June 1990

EUROPEAN COUNCIL, DUBLIN : 25/26 JUNE 1990

IRAN/IRAQ

OBJECTIVES

1. To share assessments of the prospects for the Iran/Iraq peace negotiations.

2. To express our support for the ICRC's latest initiative on POWs.

POINTS TO MAKE

- Firmly support UNSG's efforts to restart his peace initiative. Disappointing lack of progress so far.

- Recent exchange of letters between Iran and Iraq encouraging. Must support this apparent new commitment by two sides to negotiate seriously. Greatest chance of success only if UN continues to be fully involved.

- Twelve should support ICRC's latest attempts to make substantive progress on POWs issue. Troika demarches in Tehran and Baghdad useful way to give practical assistance.

REFERENCES : A : Dublin Coreu 567

BACKGROUND

1. Despite some minor violations, the ceasefire has continued to hold. Neither side shows any real desire to resume the conflict. But there has been very little progress towards the implementation of Security Council Resolution 598, adopted in 1987, which sets out the framework for a negotiated settlement. Both sides accept the Resolution in principle, but have yet to agree even on the terms of the ceasefire.

2. In 1989 the UN Secretary General appointed a Special Representative, Jan Eliasson, to continue the UN's efforts for a peace settlement. Despite two shuttle missions to Iran and Iraq, the last in November 1989, little practical progress has been achieved. The UN Secretary General has been attempting for some time to reactivate his peace initiative. He received the backing of the Security Council on 27 February for his proposal of appropriately structured direct talks between the parties.

3. Iran and Iraq have continued to stall the UN process by constant requests for clarification of the detail of the UNSG's proposals. The Iraqis were not represented at Foreign Minister level when the Secretary General's initiative was discussed in New York in April, although Perez de Cuellar did meet the Iraqi Foreign Minister, Tariq Aziz, in Rome on 14 May. He reaffirmed Iraq's commitment to the UN peace process. The Secretariat remain concerned that the momentum provided by the Security Council statement will be lost unless direct talks can be started soon.

MEXABY (1)

4. President Saddam Hussain of Iraq sent a "peace message" to President Rafsanjani in late April. The letter was said to be conciliatory in tone, although a text is not yet available. The Iranians responded with a cautious welcome, seeking clarification of Iraqi intentions. However, the Arab Summit, it its final communique, reaffirmed Iraqi sovereignty over the Shatt al Arab, a key difference between the two sides. President Rafsanjani expressed his disappointment at this outcome on 6 June, but did not rule out continuing the recent contacts with Iraq. There have been further exchanges of letters and a meeting at official level is being considered, possibly in Moscow.

5. The attempt to break the deadlock by bilateral contacts suggests impatience with the lack of progress and Iraqi distrust of the UN Secretariat. Iraq may also believe that, because of its present difficulties with some of the Permanent Members, it will not receive a fair hearing from the Security Council. But both sides profess to want continued involvement by the UNSG in any substantive talks.

6. The issue of prisoners of war (POWs) continues to cause difficulties. A limited number of POWs have been repatriated, but no comprehensive exchange has yet taken place. The International Committee of the Red Cross (ICRC) has recently submitted a plan of action to both Iran and Iraq on POWs. The plan calls for a list from both sides of all POWs identified as sick and wounded to be submitted by 9 July. The ICRC would repatriate such prisoners within one month of that date. The ICRC's plan also requires both sides to present the necessary information for the registration of, and visits to, all POWs. The ICRC is seeking the support of the EC for this plan. The Presidency set out the terms of a Troika demarche on this
A subject in both Baghdad and Tehran in Coreu 567. The demarches took place on 21 June.

MEXABY (2)

7. The Security Council voted to renew the mandate of the UN Iran/Iraq Military Observer Group (UNIIMOG) at the end of March for a further six month period. Despite some difficulties with both host governments, UNIIMOG continues to do an effective job in policing the ceasefire.

Middle East Department
19 June 1990

MEXABY (3)

D46516
MDHIAN 5316

RESTRICTED
FROM DUBLIN COREU
TO ALL COREU IMMEDIATE DESKBY 190900Z HRS
CPE PRES DUB 567
18.06.90 1745 HRS

DIFFUSION RESTREINTE

OBJET: DEMARCHES TO BAGHDAD AND TEHERAN IN SUPPORT OF ICRC INITIATIVE ON POWS.
REFERENCE CPE PRES DUB 550

DEADLINE: WEDNESDAY 20 JUNE AT 1200 HOURS.

THE PRESIDENCY RECALLS THE DECISION OF THE POLITICAL COMMITTEE ON 12-13 JUNE THAT, IF SO REQUESTED BY THE ICRC, THE TWELVE WOULD MAKE DEMARCHES IN BAGHDAD AND TEHERAN IN SUPPORT OF THE ICRC INITIATIVE FOR THE EXCHANGE OF SICK AND WOUNDED POWS AND FOR NOTIFICATION, REGISTRATION AND VISITS BY ICRC TO ALL POWS. THE PRESIDENCY UNDERTOOK TO CONSULT PARTNERS ON THE TERMS OF ANY SUCH DEMARCHES.

THE PRESIDENCY INFORMS PARTNERS THAT THE ICRC HAS FORMALLY REQUESTED THE TWELVE TO MAKE DEMARCHES IN BOTH CAPITALS IN SUPPORT OF ITS INITIATIVE. THE SAME REQUEST HAS BEEN MADE TO THE SOVIET UNION.

THE REVISED PLAN OF ACTION FOR PRISONERS OF WAR IN IRAN AND IRAQ WHICH IS CONTAINED IN THE ANNEX INVOLVES A SLIGHT MODIFICATION OF THE EARLIER PLAN TO REFLECT WHAT THE ICRC BELIEVES IS EMERGING AS THE BASIS OF AN AGREEMENT WITH BOTH CAPITALS. THE REVISED PLAN WAS SUBMITTED TO THE AMBASSADORS OF BOTH COUNTRIES IN GENEVA ON 18 JUNE WITH A REQUEST THAT INFORMATION SOUGHT BE PROVIDED IN WRITING NOT LATER THAN 9 JULY.

THE PRESIDENCY PROPOSES THAT SIMULTANEOUS DEMARCHES BE MADE IN THE SAME TERMS IN TEHERAN AND BAGHDAD BY THE TROIKA, PREFERABLY ON 21 JUNE. IN THE CASE OF TEHERAN, THE TROIKA COULD USEFULLY PRESENT THE APPROACH AS PART OF THE FOLLOW-UP TO THE TROIKA MEETING IN DUBLIN ON 16 MAY IN WHICH MR MUSAVIAN RECALLED AN IRANIAN PROPOSAL TO START WITH THE REGISTRATION OF ALL POWS UNDER THE SUPERVISION OF THE ICRC AND THE RELEASE OF ALL SICK,

WOUNDED AND DISABLED POWS. IN KEEPING WITH THE WISHES OF ICRC, THE DEMARCHES WOULD BE ENCOURAGING IN TONE AND GENERAL IN CONTENT. THEY WOULD

- NOTE THAT THE TWELVE HAVE BEEN ENCOURAGED BY REPORTS FROM ICRC OF POSITIVE DEVELOPMENTS IN THEIR MEETINGS IN BOTH CAPITALS ON THE POW ISSUE.

- STATE OUR UNDERSTANDING THAT, FOLLOWING CONSULTATIONS WITH BOTH CAPITALS, THE ICRC HAS PUT FORWARD A SLIGHTLY REVISED PLAN OF ACTION FOR THE FORMAL AGREEMENT OF BOTH GOVERNMENTS.

- EXPRESS THE STRONG SUPPORT OF THE TWELVE FOR THE APPROACH AND EFFORTS OF THE ICRC ON THIS PRESSING HUMANITARIAN ISSUE.

- EXPRESS THE EARNEST HOPE THAT BOTH GOVERNMENTS WILL SIGNIFY THEIR ASSENT AS SOON AS POSSIBLE TO THE ICRC PROPOSALS AND THAT THEY WILL THEREAFTER COOPERATE FULLY IN THEIR IMPLEMENTATION.

- REITERATE THE STRONG SUPPORT OF THE TWELVE FOR THE NEGOTIATION OF A LASTING PEACE SETTLEMENT IN ACCORDANCE WITH SECURITY COUNCIL RESOLUTION 598.

IN THE ABSENCE OF OBJECTIONS BY 1200HRSZ ON 20 JUNE, THE PRESIDENCY WILL CONSIDER THESE PROPOSALS AGREED.

ANNEX

UPDATED SUMMARY OF THE ICRC PLAN OF ACTION FOR PRISONERS OF WAR IN IRAN AND IRAQ

THE PLAN OF ACTION SUBMITTED IN EARLY MAY TO THE ISLAMIC REPUBLIC OF IRAN AND THE REPUBLIC OF IRAQ IS BASED ON THE LEGAL OBLIGATIONS ARISING FROM THE THIRD GENEVA CONVENTION RELATIVE TO THE TREATMENT OF PRISONERS OF WAR.

THE ICRC FIRST REMINDS BOTH PARTIES THAT AFTER THE CESSATION OF ACTIVE HOSTILITIES EACH PRISONER OF WAR (POW) HAS THE INALIENABLE RIGHT TO RETURN TO HIS HOME.

WITHOUT PREJUDICE TO THE APPLICABILITY OF ARTICLE 118 OF THE THIRD GENEVA CONVENTION, THE ICRC SUBMITS TO BOTH PARTIES AN

OPERATIONAL PLAN OF ACTION WHICH CAN BE SUMMARIZED AS FOLLOWS:

1. REPATRIATION OF SICK AND WOUNDED POWS

THE ICRC REQUESTS BOTH PARTIES TO HANDOVER TO THE ICRC ON 9 JULY 1990 A LIST OF ALL POWS THEY HAVE IDENTIFIED AS SICK AND WOUNDED. THE ICRC WILL THEN REPATRIATE ALL THESE POWS WITHIN ONE MONTH'S TIME, IN ACCORDANCE WITH ITS REGULAR PROCEDURES.

2. NOTIFICATION AND VISITS BY ICRC

THE ICRC FURTHERMORE EXPECTS BOTH PARTIES TO PRESENT ON 9 JULY 1990 THE NOMINAL LIST OF ALL POWS, WHETHER SO FAR REGISTERED OR NOT, AND TO PROVIDE THE ICRC WITH ALL OPERATIONAL DATA NECESSARY TO PREPARE FOR ICRC VISITS TO ALL POWS.
THE ICRC INTENDS TO START VISITS SIMULTANEOUSLY IN BOTH COUNTRIES BY MID-AUGUST 1990 AND TO COMPLETE ICRC REGISTRATION OF AND VISITS TO ALL POWS WITHIN THREE MONTHS.
FOUR TEAMS, EACH CONSISTING OF AT LEAST SIX ICRC DELEGATES, (INCLUDING 1 ICRC DOCTOR) WILL SIMULTANEOUSLY CONDUCT THIS WORK IN IRAN AND IN IRAQ. ALL VISITS WILL BE CARRIED OUT IN ACCORDANCE WITH THE RELEVANT STIPULATIONS OF THE THIRD GENEVA CONVENTION (ACCESS TO ALL POWS, INTERVIEWS WITH POWS IN PRIVATE, SURVEY OF CONDITIONS OF INTERMENT, EXCHANGE OF FAMILY MESSAGES, ETC...).

BOTH PARTIES UNDERTAKE TO REPATRIATE THE POWS IDENTIFIED AS SICK OR WOUNDED BY ICRC DOCTORS DURING THEIR VISITS.

THE AUTHORITIES ARE EXPECTED TO PROVIDE THE ICRC WITH ALL NECESSARY DATA (INFORMATION ON POWS NO LONGER INTERNED, LISTS OF NAMES OF POWS IN EACH CAMP) AND ADMINISTRATIVE SUPPORT (VISAS, CONTACTS WITH COMPETENT AUTHORITIES, ETC.) TO ACCOMPLISH THIS MISSION.

COREU DIPLO DUBLIN

FIN DE TEXTE

YYYY

DISTRIBUTION 70

MAIN 67

LIMITED
NENAD
MED
ECD(E)
UND
LEGAL ADVISERS
NEWS
RID
MR P J WESTON
MR TOMKYS
MR GREENSTOCK
MR GORE-BOOTH
MR KERR
MR TAIT

ADDITIONAL 3

ECD/ODA
MR L PARKER, CABINET OFFICE
MR APPLEYARD, CABINET OFFICE

NNNN

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

EHG(D)90(27)
20 June 1990

EUROPEAN COUNCIL DUBLIN,
25/26 JUNE 1990
LEBANON

Objective

- To exchange views.

- Encourage continued support for the C3.

Points to Make

- Talk of improvement but little to celebrate. Truce between warring Christian forces in East Beirut holding but still shaky.

- Hint of possible accommodation between Aoun and Hrawi offers glimmer of hope for national unity government. Must not pin too much on it.

- Arab Summit support for C3 efforts (Iraq and the PLO for the first time endorsed Taif) welcome.

- EC should continue to lend moral and political support to the C3.

(If raised) International Fund

- Understand C3 Foreign Ministers will shortly visit European capitals seeking contributions. Listen to what they say before any decision. Aim for a coordinated response (EC already vehicle for substantial aid).

LE1AAS/SI

EUROPEAN COUNCIL, DUBLIN
25/26 JUNE 1990
LEBANON

Background

Reference A : Jeddah tel 81 of 17 June

1. The main obstacle to peace and political reconstruction remains General Aoun, (Maronite Christian leader) appointed Prime Minister by ex-President Gemayel in September 1988 but never accepted by the Muslims. Aoun, who still controls two thirds of the Lebanese Army, maintains (but with less conviction than before) that he is the legal Prime Minister. (He still occupies the Presidential Palace). He has refused to accept the Taif accord negotiated by the Arab League Committee of Three (C3), comprising Saudi Arabia, Algeria and Morocco. President Hrawi was elected in October 1989 following the assassination of President Moawad. The Syrians have so far not implemented their withdrawal from Beirut as required under Taif. Hrawi's government (though effectively powerless) is recognised internationally as the legal government of Lebanon. The recent Baghdad Summit endorsed the Taif accord and C3 efforts.

2. General Aoun has been engaged since January this year in bitter intra-Christian fighting in East Beirut with rival Christian militia leader, Geagea. Following a lull in the fighting since 16 May, there are some signs (but no more) of indirect contact between Aoun and President Hrawi, with the Vatican as go-between. The French are also once again active: their Under Secretary is currently visiting Beirut and Damascus.

LE1AAS/SI

3. King Fahd announced at Baghdad the establishment of an international Fund for Lebanon, aimed at bolstering Hrawi's position. Prince Saud has said that an emissary of the C3 (not himself) will visit London after the C3 Foreign Ministers' meeting in Paris on 22 June to seek UK support for the Fund. Representation will also be made in other European capitals and Brussels.

4. The Foreign Secretary told King Fahd in Jeddah on 2 June that we would consider what could be done about a European contribution. The EC have not yet decided how to respond. The Saudis are likely to seek cash to help Hrawi with reconstruction projects plus a strengthening of his armed forces. On a bilateral basis we have agreed a very modest package of Sandhurst training, plus flight simulator training on Hawker Hunters, (both paid for by UKMTAS).

044211
MDHIAN 5173

CONFIDENTIAL
FM JEDDA
TO IMMEDIATE FCO
OELNO 81
OF 171135Z JUNE 90
INFO PRIORITY PARIS, RIYADH, HOLY SEE, BONN, UKREP BRUSSELS
INFO PRIORITY UKMIS NEW YORK, WASHINGTON, BEIRUT, MOSCOW
INFO PRIORITY DAMASCUS, AMMAN, BAGHDAD, CAIRO, TUNIS, ALGIERS
INFO PRIORITY RABAT, ROME

FROM AMBASSADOR IN JEDDA

LEBANON : TALK WITH PRINCE SAUD

SUMMARY

1. C3 MAY MEET IN PARIS ON 22 JUNE TO LAUNCH FUND AND DISCUSS VATICAN INITIATIVE. SUBSEQUENT VISITS WITHIN EUROPE, BUT NO DETAILS.

DETAIL

2. WHEN I SAW SAUD IN JEDDA TODAY, I ASKED ABOUT THE PROSPECTIVE C3 TOUR TO RAISE FUNDS. SAUD SAID C3 WOULD PROBABLY MEET AT FOREIGN MINISTER LEVEL IN PARIS ON 22 JUNE UNDER KING HASSAN'S CHAIRMANSHIP. THE MEETING WOULD LAUNCH THE AID FUND, AND WOULD ALSO DISCUSS THE LATEST VATICAN INITIATIVE. VISITS WOULD SUBSEQUENTLY BE PAID TO THE VATICAN, LONDON, THE EC COMMISSION AND BONN (HE DID NOT MENTION WASHINGTON).

3. ON AID, SAUD SAID C3 HOPED IN BRUSSELS AND THE SELECTED EC CAPITALS TO FOLLOW UP THE INDICATIONS OF EC AND COMMISSION READINESS TO CONTRIBUTE TO AN ECONOMIC RECOVERY PROGRAMME WHICH HE HAD GATHERED IN DISCUSSIONS DURING THE EC/GCC JOINT COMMISSION IN MUSCAT. HELP WITH SETTING UP LAHOUD'S TWO ARMY BRIGADES WAS ALSO SOUGHT. HE DID NOT EXPECT TO UNDERTAKE THE LONDON VISIT HIMSELF, BUT WOULD FOCUS ON THE EC COMMISSION AND THE VATICAN.

4. ON POLITICAL DEVELOPMENTS SAUD APPLAUDED THE VATICAN'S LATEST ACTIVITY TOWARDS BROADER RECONCILIATION. BUT THE VATICAN WAS WOBBLY OVER RENEGOTIATION OF TAIF. SAUD SAID C3 WERE ADAMANT THAT TAIF'S FIVE MAIN ELEMENTS MUST NOT BE TAMPERED WITH AT THIS STAGE, PRIOR TO LEBANESE ELECTIONS BEING HELD

AND PARLIAMENT ESTABLISHED ON ITS BROADER BASIS. IT WOULD JUST FALL APART. CHANGE COULD COME LATER. TAIF WAS NOT THE BIBLE/QORAN. BUT IT HAD TO BE LAUNCHED. THE VATICAN SHOULD NOT SUPPORT AOUN'S WISH TO REJIG IT. HE HAD NO PROBLEM HOWEVER OVER AOUN'S PARTICIPATION IN GOVERNMENT. HE WOULD BE STRESSING THIS TO THE VATICAN, AND HOPED WE WOULD BACK THIS APPROACH.

TUNNELL

YYYY

DISTRIBUTION 152

MAIN 141

.LEBANON
LIMITED
NENAD
MED
PUSD
NEWS D
ECD (E)
SCD
SECURITY D
RESEARCH (MS HANCOCK)
LEGAL ADVISERS
DEFENCE D
UND
RMD
INFO D
PLANNERS
CONSULAR D
SOVIET D
KIEV UNIT
POD
PS
PS/LORD BRABAZON
PS/MR WALDEGRAVE
PS/PUS
MR P J WESTON
MR BROOMFIELD
MR TOMKYS
MR GORE-BOOTH
MR GREENSTOCK
MR MOSS
MISS SPENCER

ADDITIONAL 11

ASSESMENT STAFF CAB OFFICE
DI (ROW) A1B MODUK
DI (ROW) A3 MODUK
SEC (O)(C) MODUK
RMP TRAINING CENTRE,
(LONGMOOR, MODUK)
DCTTS ROW MODUK
PS/NO.10 DOWNING ST
MR APPLEYARD CABINET OFFICE

NNNN

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

EHG(D) 90(28)

20 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

HORN OF AFRICA

OBJECTIVE (if raised)

- To urge partners to keep up pressure on the Eritreans especially for the resumption of peace talks.

POINTS TO MAKE (if raised)

- EC Foreign Ministers' statement of 18 June welcomed Ethiopian agreement to use of the port of Massawa for relief supplies and participation of the UN in peace talks.

- This needs to be followed up actively by strong pressure on the EPLF to respond positively. We have done so bilaterally.

HJ2AMB

REFERENCES

A Statement by the Twelve on Ethiopia, 18 June 1990.

B Summit statement of 2 June on Ethiopia

BACKGROUND

1. The joint US/USSR statement on Ethiopia opened the prospect of resumption of the Carter/Nyerere led peace negotiations between the Ethiopian Government (GOE) and Eritrean People's Liberation Front (EPLF). The GOE, who have their backs to the wall militarily, have responded positively. But the EPLF say they will pursue the military option, despite GOE acceptance of a UN presence at the peace talks. They appeared ready to consider the use of Massawa for relief operations.

(A)

STATEMENT BY THE TWELVE ON ETHIOPIA, 18 JUNE 1990

The Community and its member states welcome the recent announcement by the Ethiopian Government that it is prepared to accept in principle the use of the port of Massawa for the delivery of relief supplies. They regard this as an important step in facilitating the international relief effort aimed at averting famine in northern Ethiopia. They appeal most strongly to all parties to cooperate actively in bringing about the early reopening of the port and to facilitate the delivery and distribution of humanitarian relief through all available channels.

Recalling their conviction that only a peaceful negotiated settlement can provide a just and lasting solution to the conflict in Ethiopia, the Community and its member states express their satisfaction at the position recently taken by the Ethiopian government, including its readiness to accept the participation of the United Nations as an observer, which should permit the reactivation of peace talks in relation to Eritrea. They reiterated their call for a cessation of hostilities and for all parties to resume their efforts for peace and reconciliation. They believe that any solution needs to take into account the distinct identity and aspirations of Eritrea as well as respecting the territorial integrity of Ethiopia.

(B)

~~U.S.-USSR JOINT STATEMENT ON ETHIOPIA~~

June 3, 1990

The U.S. and USSR discussed relief requirements and the prospects for a political solution to Ethiopia's internal conflict. They welcome the Ethiopian government's agreement to permit relief food to enter northern Ethiopia through the Port of Massawa under a U.N. sponsored relief effort, and they believe that such operations would not compromise the unity and territorial integrity of Ethiopia. They also welcomed the agreement expressed by the Ethiopian government to have UN representatives present in the course of the negotiations between the Ethiopian government and the Eritreans.

In addition, to deal with the growing problems of starvation, the U.S. and the USSR are prepared to work together and combine their assets. U.S. food will be transported on Soviet aircraft to demonstrate our joint commitment to responding to this tragic humanitarian problem.

Recognizing the continuing political and military conflicts that exacerbate the problems of starvation and recognizing also the lack of momentum on peace talks, the U.S. and USSR will support an international conference of governments under the auspices of the UN on settlement of conflict situations in the Horn of Africa.

# # #

CONFIDENTIAL

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

EHG(D)90(29)

19 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

CAMBODIA

OBJECTIVE

- To consider the way ahead after the last Permanent Five meeting in New York and the Tokyo meeting of Cambodian factions and agree that a comprehensive political settlement remains the objective.

POINTS TO MAKE

- Latest Permanent Five meeting reaffirmed that overriding objective is comprehensive political settlement. Five should only support UN involvement if arrangements meet minimum essential conditions (eg free and fair elections, proper military arrangements and action to safeguard human rights).

- Tokyo meeting of Cambodian factions a step in the right direction but only partial success.

- Signs that Hun Sen regime has a growing interest in UN-backed comprehensive settlement. Sihanouk and Khmer Rouge have both indicated support for work of Permanent Five. Hope that next meeting of Five in Paris will provide opportunity to bring home to Cambodian factions the importance of a comprehensive political settlement and put pressure on them to compose their differences.

(If raised)

- EC public opinion will not accept that current occupation of Cambodia's UN seat should continue unquestioned at UNGA 1990.

PT2ADO

- In future years, Cambodia will either be represented by the Supreme National Council (SNC) pending elections and by a directly elected Cambodian Government thereafter. Immediate problem is 45th UNGA.

- Important for Twelve to keep options open to take account of developments between now and UNGA.

- In the absence of a settlement or SNC, important to persuade ASEAN and USA that an empty seat is best option; and that major division between friends at UNGA would be unnecessary and damaging distraction from efforts to achieve comprehensive political settlement.

PT2ADO

Background

References

A: Summary of Conclusions of the Permanent Five, 25-26 May
B: Joint Communiqué of Tokyo Meeting of Cambodian parties, 4-5 June
C: Mr Colvin's minute of 18 June.

1. Since January 1990, Asia Directors of the Five Permanent Members of the UN Security Council have held four meetings to elaborate proposals for a comprehensive political settlement based on an enhanced UN role. The Summary of Conclusions of their last meeting in New York on 25-26 May re-affirmed the Five's commitment to a
A comprehensive political settlement but indicated that they could be flexible over the scale and scope of a UN role in Cambodia. The meeting took place against a background of regional developments which rekindled the possibility of some kind of agreement between the Cambodian factions, coupled with evidence that China and Vietnam might be aiming an an arrangement which would not lead to genuine self-determination for Cambodia but use the UN to provide a seal of respectability. The Five therefore need to make clear to the factions and other interested parties that a comprehensive political settlement still offers the best chance of restoring peace and stability to Cambodia and that any settlement involving a role for the UN will have to meet certain indispensible requirements.

2. The Cambodian factions met in Tokyo on 4-5 June as part of a Thai initiative to bring about a voluntary ceasefire and the creation of a Supreme National Council,(SNC), comprising members of all factions, to administer Cambodia until elections take place. Prince Sihanouk and Hun Sen represented the four Cambodian factions as heads of the two rival Governments and signed a communiqué
B committing themselves to a voluntary ceasefire and the creation of a Supreme National Council by 30 July. But the Khmer Rouge dissociated itself from the communiqué on the grounds that the talks were not quadripartite and made no reference to a comprehensive political settlement. Since then, Hun Sen has nominated the six

representatives of the State of Cambodia to the Supreme National Council.

3. The results of the Tokyo meeting are hard to assess. On the one hand, the Khmer Rouge may have made a serious mistake by isolating themselves from the other factions. It need not worry the West to be able to support arrangements which exclude the Khmer Rouge. But, in practice, it is unlikely that any durable settlement could be implemented without the agreement of the Chinese, the main backers of the Khmer Rouge; and the UN itself would probably not be prepared to back a settlement which does not command the support of all the Cambodian parties.

4. There are also signs, however, that time may be running out for Hun Sen. We understand that the USSR and East European countries are withdrawing economic support for Hun Sen's Cambodia. The meeting of the Permanent Five proposed for Paris in early July, to which the four factions may be invited could, therefore, be especially important. Mr Colvin's minute of 18 June describes some of the difficulties which we could face as a result of these developments.

C

5. On the question of Cambodia's UN representation, the Secretary of State decided at his office meeting on 12 June that unless the peace process solves the issue our aim at UNGA 1990 should be an empty seat. But he agreed that we should leave our options open in our public statements for the time being. We have traditionally argued that the Credentials Committee should not address political issues but reach its judgements on technical and legal grounds. But in 1990, we can legitimately argue that there is no effective Government in Cambodia. We will need to discuss this with our EC partners and with the Americans. The main obstacle to a successful challenge lies with ASEAN, who are confident that they can mobilise sufficient Non-Aligned votes to block any move by the Twelve. (ASEAN and American aversion to the Hun Sen regime is deep-seated and they regard the NGC as the lesser of two evils). The Twelve will need to consider carefully what approaches should be made to

ASEAN to convince them that it would be profoundly damaging if ASEAN/US and the Twelve were to embark on a public clash on the floor of the Assembly on this issue.

UNCLASSIFIED
FAC 022/1
-4 JUN

(A) (166)

155410
MDHIAN 2211

UNCLASSIFIED
FM UKMIS NEW YORK
TO IMMEDIATE FCO
TELNO 651
OF 270337Z MAY 90
INFO IMMEDIATE WASHINGTON, PARIS, MOSCOW, PEKING, CANBERRA
INFO IMMEDIATE BANGKOK, TOKYO
INFO PRIORITY JAKARTA, SINGAPORE, KUALA LUMPUR
INFO ROUTINE MANILA, BANDAR SERI BEGAWAN, OTTAWA, NEW DELHI

MIPT: CAMBODIA: MEETING OF ASIA DIRECTORS OF THE FIVE:
NEW YORK, 25-26 MAY

1. FOLLOWING IS THE SUMMARY OF CONCLUSIONS RELEASED TO THE PRESS AFTER THE ASIA DIRECTORS' MEETING:

BEGINS

THE FIVE PERMANENT MEMBERS OF THE UNITED NATIONS SECURITY COUNCIL CONDUCTED THE FOURTH IN THEIR SERIES OF DISCUSSIONS ON CAMBODIA ON 25 - 26 MAY IN NEW YORK. AT THE START OF THEIR MEETING, UNITED NATIONS UNDER-SECRETARY-GENERAL RAFEEUDDIN AHMED BRIEFED THE FIVE ON THE RESULTS OF THE VISITS MADE BY UN FACT-FINDING TEAMS TO CAMBODIA TO SEEK INFORMATION ON TECHNICAL QUESTIONS RAISED AT THE MARCH MEETING OF THE FIVE IN PARIS. THE FIVE EXPRESSED APPRECIATION TO UNDER-SECRETARY-GENERAL AHMED FOR HIS IMPORTANT CONTRIBUTION TO THEIR DISCUSSIONS, AND WELCOMED THE INTENTION OF THE SECRETARIAT TO DESPATCH FURTHER FACT-FINDING MISSIONS AS NECESSARY. THEY AGREED TO REMAIN IN CLOSE CONTACT WITH THE UNITED NATIONS SECRETARIAT ON THESE MATTERS THROUGH THEIR PERMANENT MISSIONS IN NEW YORK.

THE FIVE REVIEWED THE PROGRESS ACHIEVED TO DATE IN THEIR EFFORTS TO BRING ABOUT A COMPREHENSIVE POLITICAL SETTLEMENT OF THE CAMBODIAN PROBLEM. THEY REAFFIRMED THEIR ADHERENCE TO THE PRINCIPLES AGREED UPON IN PARIS ON 15 - 16 JANUARY 1990. THEY ALSO REAFFIRMED THEIR AGREEMENT TO THE POINTS ELABORATED AT THEIR SUBSEQUENT MEETINGS IN NEW YORK ON 11 - 12 FEBRUARY AND PARIS ON 12 - 13 MARCH, 1990 ON THE MODALITIES OF A SETTLEMENT INVOLVING AN ENHANCED UNITED NATIONS ROLE, INCLUDING THE CREATION OF A UNITED NATIONS TRANSITIONAL AUTHORITY IN CAMBODIA, WHICH UNDER THIS APPROACH WOULD BE RESPONSIBLE INTER ALIA FOR THE ORGANISATION AND CONDUCT OF FREE AND FAIR ELECTIONS.

THE FIVE NOTED OTHER RECENT POSITIVE STEPS TOWARDS PEACE IN CAMBODIA. THEY ALSO WELCOMED THE PROSPECT OF A MEETING IN TOKYO IN EARLY JUNE TO BRING TOGETHER REPRESENTATIVES OF CAMBODIAN PARTIES AND THEY EXPRESSED THE HOPE THAT THIS DIALOGUE WILL BE TRANSFORMED INTO A CONTINUOUS PROCESS, IN PARTICULAR THROUGH AGREEMENT TO THE FORMATION OF A SUPREME NATIONAL COUNCIL. THE FIVE REMAIN FIRMLY CONVINCED THAT ONLY A COMPREHENSIVE POLITICAL SETTLEMENT WILL BRING LASTING PEACE AND STABILITY TO CAMBODIA. THEY THEREFORE TAKE THE VIEW THAT THE EFFORTS OF ALL GOVERNMENTS AND INTERESTED PARTIES SHOULD BE DESIGNED TO ACHIEVE THAT OBJECTIVE, AND MAKE POSSIBLE AT AN EARLY DATE THE CONDITIONS NECESSARY TO RECONVENE THE PARIS CONFERENCE ON CAMBODIA. TO THAT END THE FIVE AGAIN CONSULTED WITH REPRESENTATIVES OF OTHER INTERESTED GOVERNMENTS.

IN THE LIGHT OF THESE DEVELOPMENTS THE FIVE DISCUSSED ALTERNATIVE TRANSITIONAL ARRANGEMENTS INVOLVING VARYING DEGREES OF EXERCISE OF AUTHORITY BY A SUPREME NATIONAL COUNCIL WHICH COULD INCLUDE REPRESENTATIVES OF ALL SHADES OF OPINION IN CAMBODIA. THEY ALSO CONSIDERED THE IMPLICATIONS OF THESE ALTERNATIVES FOR THE NECESSARY ROLE TO BE PLAYED BY THE UNITED NATIONS.

THE FIVE REAFFIRMED THAT A COMPREHENSIVE POLITICAL SETTLEMENT MUST INCLUDE SPECIFIC PROVISIONS TO:

- ENSURE THE VERIFICATION OF THE WITHDRAWAL OF ALL FOREIGN FORCES AND THE CESSATION OF EXTERNAL MILITARY ASSISTANCE, A DURABLE CEASEFIRE, THE REGROUPING OF THE ARMED FORCES OF THE FACTIONS INTO DESIGNATED CANTONMENT AREAS, ALL UNDER THE CONTROL OF AN EFFECTIVE UNITED NATIONS PEACEKEEPING OPERATION.

- ESTABLISH FORMALLY A SUPREME NATIONAL COUNCIL.

- ENSURE FREE AND FAIR ELECTIONS FOR A CONSTITUENT ASSEMBLY UNDER UNITED NATIONS AUSPICES.

- ENSHRINE THE FUNDAMENTAL HUMAN RIGHTS AND FREEDOMS WHICH THE CAMBODIAN PEOPLE MUST ENJOY, TOGETHER WITH THE NECESSARY PROTECTIONS AND GUARANTEES.

- PROVIDE A SYSTEM OF GUARANTEES FOR THE INDEPENDENCE, SOVEREIGNTY, TERRITORIAL INTEGRITY AND INVIOLABILITY, NEUTRALITY AND NATIONAL UNITY OF CAMBODIA.

THESE INDISPENSABLE REQUIREMENTS FOR A COMPREHENSIVE POLITICAL

SETTLEMENT WILL BE SET OUT IN MORE DETAIL IN WORKING PAPERS NOW UNDER PREPARATION BY THE FIVE. IT IS THEIR INTENTION THAT THESE DOCUMENTS SHOULD SERVE AS A BASIS FOR DISCUSSION WITH REPRESENTATIVES OF THE CAMBODIAN PARTIES.

BEARING IN MIND THAT CO-OPERATION AMONG THE CAMBODIAN PARTIES IS ESSENTIAL TO A SUCCESSFUL TRANSITION THE FIVE AGREED TO INVITE REPRESENTATIVES OF THE CAMBODIAN PARTIES TO HOLD DISCUSSIONS WITH THEM DURING THEIR NEXT MEETING, WHICH WILL TAKE PLACE IN PARIS BEFORE THE MIDDLE OF JULY.

ENDS.

RICHARDSON

YYYY

DISTRIBUTION 224

MAIN 206

.CAMBODIA/VIETNAM
STANDARD
SEAD
SAD
FED
HKD
SPD
SOVIET D
KIEV UNIT
UND
RMD
HD/CONSULAR D
MR BURNS

ADDITIONAL 18

CABINET OFFICE
PS/PM
PRESS/SEC/PM
SIR P CRADOCK 2 COPIES
MR T FAINT EAD/ODA
MR POWER IFID/ODA
MAJ HASTINGS DI ROW 3BD MODUK

NNNN

(3) (24)

FAC 011/4

006725
MDHIAN 3586

UNCLASSIFIED
FM TOKYO
TO IMMEDIATE FCO
TELNO 452
OF 060600Z JUNE 90
INFO PRIORITY UKMIS NEW YORK, WASHINGTON, PARIS, MANILA
INFO PRIORITY HANOI, HONG KONG, BANGKOK, KUALA LUMPUR
INFO PRIORITY SINGAPORE, JAKARTA, BANDAR SERI BEGAWAN

MIPT: CAMBODIA: TOKYO TALKS

1. TEXT OF JOINT COMMUNIQUE IS AS FOLLOWS:
BEGINS
THE DELEGATION OF HRH SAMDECH NORODOM SIHANOUK AND THE DELEGATION OF H E HUN SEN MET IN TOKYO ON JUNE 4-5, 1990, TO DISCUSS VARIOUS ISSUES, WITH A VIEW TO ACHIEVING THE EARLIEST SOLUTION TO THE CAMBODIAN PROBLEM. AFTER INTENSIVE DELIBERATIONS, BOTH SIDES AGREED ON THETFOLLOWING POINTS:
1. AN URGENCY OF IMPLEMENTING A VOLUNTARY SELF-RESTRAINT USE OF FORCE BY ALL FACTIONS.
2. ACTUAL CEASE-FIRE MUST BE IMPLEMENTED AS A STEP TOWARD THE PENDING ACCEPTABLE SOLUTION. FURTHERMORE, SUCH UNDERTAKING CAN BE REALIZED THROUGH A CESSATION OF HOSTILITIES AND THE AGREEMENT ON THE CREATION OF A SUPREME NATIONAL COUNCIL (SNC).
3. IT IS ESSENTIAL FOR ALL FACTIONS TO REFRAIN FROM ALL OFFENSIVE ACTIONS INCLUDING ALL MILITARY OPERATION DURING THE TRANSITIONAL PERIOD. THIS WILL INCLUDE A CLARIFICATION OF MEASURES TO ENSURE MILITARY STANDSTILL AND MILITARY IN PLACE. SUCH MEASURES WOULD AT LEAST ENSURE THAT THE TROOPS UNDER CONTROL REMAIN IN THEIR RESPECTIVE POSITIONS AND REFRAIN FROM ANY ACTIONS WHICH LEAD TO AN EXTENSION OF TERRITORY.
4. THE PARIS INTERNATIONAL CONFERENCE ON CAMBODIA SHALL BE CALLED UPON, WITH A PROPER PARTICIPATION OF THE UNITED NATIONS, TO TAKE NECESSARY MEASURES TO MONITOR, SUPERVISE, AND VERIFY THE WITHDRAWAL OF ALL FOREIGN FORCES AND THE CESSATION OF ALL FOREIGN MILITARY ASSISTANCE, INCLUDING AN IMPLEMENTATION OF A CEASE-FIRE AGREEMENT. THESE MEASURES SHOULD BE FUNCTIONED THROUGH THE ICM (INTERNATIONAL CONTROL MECHANISM).
5. THE ESTABLISHMENT OF A SNC IS ESSENTIAL IN ORDER TO SYMBOLIZE CAMBODIA'S NEUTRALITY, NATIONAL SOVEREIGNTY AND NATIONAL UNITY FOLLOWING THE AGREEMENT IN THE JOINT COMMUNIQUE SIGNED BY HRH SAMDECH NORODOM SIHANOUK AND H E HUN SEN ON FEBRUARY 21, 1990 IN BANGKOK. THE SNC SHALL BE COMPOSED OF

EQUAL NUMBERS OF PROMINENT PERSONALITIES FROM BOTH PARTIES TO REPRESENT ALL SHADES OF OPINIONS AMONG THE PEOPLE OF CAMBODIA. THE SNC SHALL BE CONVENED AND CHAIRED IN ITS FIRST MEETING BY A MEMBER CHOSEN BY THE SNC.

6. BOTH SIDES REPRESENTED AT THE TOKYO MEETING HEREBY DECLARE THAT THE HISTORIC MONUMENT OF ANGKOR IS A NONHOSTILITY AREA. BOTH SIDES WELCOME THE INTERNATIONAL COMMUNITY TO ENLARGE ITS SCOPE OF COOPERATION FOR THE PRESERVATION AND RESTORATION OF THIS COMMON HERITAGE OF MANKIND.

DONE AND SIGNED BY BOTH SIDES ON THE FIFTH DAY OF JUNE NINETEEN NINETY.

ANNEX I

PURSUANT TO THE JOINT COMMUNIQUE AGREED ON THE FIFTH DAT OF JUNE 1990, IT IS HEREBY DECLARED THAT VOLUNTARY SELF-RESTRAINT USE OF FORCE SHALL BE IMPLEMENTED BY ALL CAMBODIAN PARTIES ON THE DAY WHEN THE FIRST MEETING OF A SUPREME NATIONAL COUNCIL IS CONVENED.

ANNEX II

PURSUANT TO THE JOINT COMMUNIQUE AGREED ON THE FIFTH DAY OF JUNE 1990, IT IS HEREBY ANNOUNCED THAT A SUPREME NATIONAL COUNCIL SHALL BE CONVENED NOT LATER THAN THE END OF JULY 1990.

ANNEX III

PURSUANT TO THE JOINT COMMUNIQUE AGREED ON THE FIFTH DAY OF JUNE 1990, BOTH PARTIES TOOK NOTE OF THE RESULT OF THE LATEST MEETING OF THE FIVE UN SECURITY COUNCIL PERMANENT MEMBERS WHICH HAD BEEN RELEASED ON MAY 26, 1990. BOTH PARTIES EXPRESS THEIR WILLINGNESS TO BRIEF THE MEMBERS IN THE MEETING OF THE PERMANENT MEMBERS OF THE UN SECURITY COUNCIL AT AN APPROPRIATE TIME IN THE FUTURE.

ANNEX IV

PURSUANT TO THE JOINT COMMUNIQUE AGREED ON THE FIFOG DAY OF JUNE 1990, BOTH PARTIES CALLED UPON THE COCHAIRMAN OF THE INTERNATIONAL CONFERENCE ON CAMBODIA TO RECONVENE AS SOON AS POSSIBLE.

WHITEHEAD

YYYY

FROM: D H Colvin
South-East Asian Dept

DATE: 18 June 1990

cc: Mr Slater
Mr Burns o/r
Mr Wood, Legal Advisers
Ms Evans, UND
Mr Carter, SEAD
Mr Mower, News Dept

Mr McLaren

CAMBODIA: THE CRUNCH APPROACHES

1 The outcome of my visit to Paris on 15 June is reported in Paris telno 696 and was relayed to the Secretary of State's party in Luxembourg today.

2 The additional elements which I picked up in Paris are as follows:

A a) Hun Sen sent Dumas a message on 10 June, delivered to the French Embassy in Hanoi. It reveals that Hun Sen is determined to press ahead on the basis that the Tokyo meeting has created the framework for a global solution to the Cambodian problem, including the creation of a Supreme National Council which must meet before the end of July;

B b) Hun Sen sent a telegram on 13 June to Sihanouk with his six candidates for the SNC. The SNC should, in his view, meet as soon as all twelve representatives of the two Governments have been nominated;

C c) Dumas has written to Sihanouk (no date), applauding the positive spirit of the Tokyo meeting and inviting the Prince to Paris for an exchange of views and a meeting with President Mitterand on the same occasion;

D d) Dumas has written to Hun Sen (undated) expressing the same sentiments but without the invitation to Paris or reference to President Mitterand.

(Note: our possession of (c) and (d) is sensitive and must not be revealed).

3 Sihanouk has thus become a key player again in this drama. He could go ahead and nominate his six representatives (with or without member(s) of the Khmer Rouge), renounce the Tokyo agreement or simply fail to nominate anybody. Whatever he decides, unless the Five meets and agrees the conditions for UN involvement in a Cambodian settlement soon we could face a number of awkward decisions, for example whether:

a) to insist that the Khmer Rouge be included in the SNC if it is to be part of a comprehensive political settlement. (Note: I regard this as politically inconceivable for the British Government and rightly so);

b) to welcome the creation of a bipartite SNC with or without members of the Khmer Rouge;

c) to agree that the bipartite SNC (with or without the KR) is entitled to occupy Cambodia's UN seat;

d) formally to do business with the bipartite SNC (with or without the KR) which would be tantamount to recognition in pre-1980 terms.

4 This list could easily be multiplied. Depending on what Sihanouk now does, the diplomatic complications, notably for the work of the Permanent Five, could be considerable. How will ASEAN respond? etc etc.

5 There is still time to prepare our position in consultation with our friends and partners and at this stage I only signal some of the potential difficulties. But what seems to me to be of overriding importance in the immediate future is for the Permanent Five to press on with their work, according to their own timetable and including a 5 + 4 meeting, with a view to defining their conditions for a comprehensive settlement if not by mid-July then by the end of July at the latest.

D H Colvin

CONFIDENTIAL

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

EHG(D) 90 (30)

19 JUNE 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

VIETNAMESE BOAT PEOPLE

OBJECTIVES

- To stress the importance of early multilateral agreement on the future of the screened-out if the CPA and first asylum in South East Asia are to survive.

- To make clear that the opening of EC/Vietnam official relations should depend on Vietnam behaving responsibly towards their own citizens.

POINTS TO MAKE

- We continue to support Comprehensive Plan of Action (CPA), to which we have committed £37m so far.

- With other CPA participants, we will go on pressing Vietnam and USA to accept repatriation of all non-refugees, whether volunteers or not. Otherwise the CPA and first asylum in South East Asia are in real danger of breaking down.

- The US and Vietnam should offer as effective intermediate solution if they continue to prevent consensus on mandatory repatriation (eg a regional holding centre on their territory).

- Arrival rate of VBP in Hong Kong is now only fraction of 1989 influx. But nearly 55,000 Vietnamese still in Hong Kong of whom 40,000 likely to be screened out. Over 9,000 now definitively

screened out. But only about 120 have volunteered to return to Vietnam. Likely cost to HKG/HMG this year over £100m.

- Problem having wider destabilising effects on region (eg new flow of Cambodian boat peopleand unresoved problems of rescue at sea cases). Without a solution, risk of a major humanitarian crisis.

- Confirm no objection in principle to establishing EC/Vietnam official relations. But Vietnam must accept responsibility for its own citizens first. Meanwhile we have announced humanitarian assistance to those areas in Vietnam from where boat people predominantly come.

BACKGROUND

References: A: Report of Foreign Affairs Council, 18 June
B: Record of Secretary of State's meeting of 8 May on Vietnam.
C: Mr Maude's report of the Regional meeting in Manila

1. It is unlikely this subject will be raised at the European Council. The Political Committee was unable to reach a consensus on EC/Vietnam relations when it met on 12-13 June. Although the boat people issue is a major concern for the UK and Hong Kong, which our EC partners appreciate, wider commercial considerations and humanitarian concern mean that many are now keen to establish EC/Vietnam official relations. In particular, the European Parliament is strongly in favour. But the Secretary of State has decided that we cannot make concessions in this and other areas until the Vietnamese agree to satisfactory arrangements for the return of all non-refugees from Hong Kong, whether voluntary or not. At the meeting of the Foreign Affirs Council on 18 June, Ministers agreed that Political Directors should review the question again.

2. At the regional meeting of CPA participants in Manila on 17-18 May, the UK announced a £1 million contribution for British NGO activity in areas of Vietnam where boat people come from. We also joined first asylum countries in issuing a statement on 16 May. The first asylum countries, under Philippines leadership, made a joint demarche to the Vietnamese Government on 11 June to draw their attention to the danger that the CPA will not survive unless at the next Steering Committee agreed satisfactory arrangements for repatriating all non-refugees or devises a workeable intermedite solution. The first asylum countries will make a similar demarche in Washington Unless agreement is reached very soon on the repatriation of <u>all</u> non-refugees, or on some workeable alternative, there is a very real danger that first asylum in the region will break down, and with it the CPA which at the moment ensures the protection of refugees in South East Asia.

(A)

0475
MDHIAN 53

CONFIDENTIAL
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 192
OF 181944Z JUNE 90
INFO IMMEDIATE UKREP BRUSSELS
INFO PRIORITY HANOI
INFO ROUTINE OTHER EUROPEAN COMMUNITY POSTS, UKMIS NEW YORK
INFO ROUTINE WAHSINGTON, UKMIS GENEVA, UKDEL NATO, ISLAMABAD
INFO ROUTINE HONG KONG, NEW DELHI, MOSCOW, TOKYO

FRAME EXTERNAL

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE
EPC: EC/VIETNAM

SUMMARY

1. MINISTERS AGREED THAT POLITICAL DIRECTORS SHOULD REVIEW THE CASE FOR ESTABLISHING EC LINKS WITH VIETNAM.

DETAIL

2. OVER LUNCH COLLINS (PRESIDENCY) REFERRED TO THE RECENT EP RESOLUTION WHICH HAD CALLED FOR THE ESTABLISHMENT OF LINKS WITH VIETNAM, AND ARGUED THAT THERE WAS A STRONG CASE FOR PURSUING THESE. YOU NOTED THAT THERE CONTINUED TO BE A SERIOUS PROBLEM OVER THE BOAT PEOPLE, CAUSED BY REFUSAL OF THE VIETNAMESE AUTHORITIES TO BEHAVE RESPONSIBLY TOWARDS THEIR OWN CITIZENS. A DECISION ON ESTABLISHING DIPLOMATIC RELATIONS SHOULD NOT BE TAKEN ON THE NOD. DUMAS (FRANCE) AND DE MICHELIS (ITALY) ARGUED THAT THE COMMUNITY SHOULD SEEK TO PROFIT FROM THE CHANGES TAKING PLACE WITHIN VIETNAM, BUT DE MICHELIS AGREED THAT A DECISION COULD NOT BE TAKEN NOW ON DIPLOMATIC RELATIONS.

3. COLLINS CONCLUDED THAT POLITICAL DIRECTORS SHOULD TAKE ANOTHER LOOK AT THE DIPLOMATIC RELATIONS ISSUE.

4. PRIVATELY, DE MICHELIS INDICATED TO YOU THAT HE THOUGHT COMMUNITY PRESSURE ON VIETNAM COULD BE HELPFUL TO THE UK IN RESOLVING OUR OWN BILATERAL PROBLEM, AND THAT DURING HIS PRESIDENCY HE WOULD BE PREPARED TO WORK IN THIS DIRECTION.

CAMPBELL.

047512
MDHIAN 5341

CAMPBELL

YYYY

DISTRIBUTION 243

MAIN 241

.FRAME EXTERNAL WED
ECD (E) [-]

ADDITIONAL 2

BURNS FCO FRAME

NNNN

020 | 1
FAN IRA | 4

14 MAY 1990

CONFIDENTIAL

INDEX	PA	Copy Taken
		AT 14/5

Mr Colvin, SEAD

Mr Guy
Pls pa Ms Coster
PLC 11/5
We must inform Mr Davies — draft telegram please.
9/5

Vietnam: Developing Bilateral Relations

The Secretary of State held a meeting on 8 May to consider how we might develop our relations with Vietnam. The annotated agenda submitted under cover of your minute of 4 May served as the basis for the meeting's consideration of this issue.

The Secretary of State agreed that we needed to develop relations with Vietnam in a measures fashion (the third of the approaches described in your paper). In pursuing this measured approach, we would need to keep an eye on Vietnamese performance on Vietnamese boat people. We would also need to watch progress on Cambodia in view of the strength of US feeling against developing relations with Vietnam without a comprehensive political settlement in Cambodia. If either of these went wrong, we would need to reconsider.

As regards the recommendations set out in paragraph (f) of your paper, the Secretary of State agreed that:

Stage 1

- We should proceed with humanitarian assistance which assisted returning Vietnamese boat people or potential boat people. But the Secretary of State would not favour schemes which could not be defended on that ground.

- We should proceed with English language training in Vietnam and sponsored visits which were consonant with that objective. But the Secretary of State did not believe that a wider scheme along the lines of the Know-How Fund in Eastern Europe would be justified at this stage.

- We should encourage trade missions to Vietnam.

Stage 2

- We should not initiate a technical assistance programme until the Vietnamese had shown signs of moving in the right direction.

- The British Council ELT visit could proceed.

CONFIDENTIAL

- A functional dialogue should begin with HMA in Hanoi speaking to the relevant people in the Vietnamese Government; we can decide whether additional contacts are needed in the light of the outcome.

- We should not go ahead for the time being with the Investment Promotion and Protection Agreement or the Double Taxation Treaty at present. Both would be seen as a political signal. It would be better for the time being to concentrate on private sector initiatives, as suggested in option 6 of Stage 2.

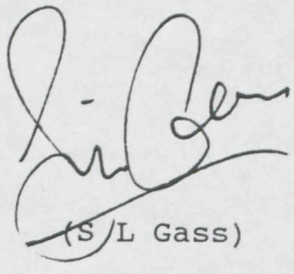
- We should consider how to relax visa restrictions for business visitors if the security aspects can be dealt with satisfactorily.

Stage 3

- None of the options in Stage 3 should be proceeded with now, except, perhaps, points 5 and 6 (Vietnamese consular presence in Hong Kong and air and sea links between Vietnam and Hong Kong). These two should not be ruled out, but would need to be developed gradually and dangled in front of the Vietnamese as a carrot.

- We should not press the US to waive its objections to the French initiative over Vietnamese arrears to the IFIs. We could continue to say that we would not oppose a consensus on the French initiative but should go no further.

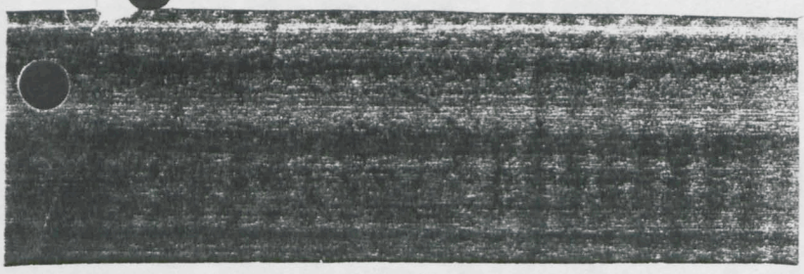
The Secretary of State concluded that we would not need to consult Number 10 on this issue.



9 May 1990

(S L Gass)

cc: PS
PS/Mrs Chalker
PS/Mr Maude
PS/Lord Brabazon
Mr Burns
Mr Cooper, Planners
Mr Paul, HKD
Mr Davies, FED
Mr Mower, News Dept
Mr Bone, ERD
Mr Brenton, UND
Mr Burns, NAD
Mr David, NCAD
Mr Elam, CRD
Mr Reeve, COMED
Mr Yarnold, Defence Dept
Mr Jones-Parry, ECD(E)
Mr Faint, EAD, ODA
Mr Lidington



Indo-Chinese Refugees

Mr. Hague: To ask the Secretary of State for Foreign and Commonwealth Affairs if he will a statement on the outcome of the informal working level meeting in Manila in 17-18 May of the Steering Committee set up under the comprehensive plan of action adopted by the 1989 Geneva conference on Indo-Chinese refugees.

Mr. Maude: Representatives of 26 countries, the EC Commission and the International Organisation for Migration met in Manila on 17-18 May to review all components of the comprehensive plan of action (CPA).

On 16 May, representatives of the Governments of the Philippines, Indonesia, Malaysia, Singapore, Thailand, Brunei and the United Kingdom/Hong Kong issued the following statement:

"For over 15 years, countries in South-East Asia and Hong Kong have provided temporary refuge to Vietnamese boat people at tremendous cost to themselves. This burden has become intolerable and cannot continue. The CPA adopted by the ICIR in June 1989 is aimed at securing a durable solution to the VBP problem within a definite time frame of three years through the implementation of all its interdependent provisions.

The viability of the CPA, however, has been undermined by selective implementation of its provisions. While countries of temporary refuge have been urged to continue to provide first asylum, crucial elements of the CPA have either not been given due focus or totally ignored. In particular, clandestine departures from Vietnam have continued and two CPA participants have blocked repatriation of non-refugees who do not volunteer to return.

In the light of the above, countries of temporary refuge wish to stress the following:

1. Responsibility for solving the problem of VBP rests primarily with Vietnam as the country of origin;

2. Vietnam should take more effective measures to deter clandestine departure and promote the Orderly Departure Programme (ODP) as the sole mode of departure for emigration. On humanitarian grounds, all CPA participants have a duty to co-operate to bring to an end clandestine departures involving risky journeys across the sea or otherwise;

3. The near consensus reached at the Steering Committee Meeting in January 1990 in Geneva, particularly the date for ending the moratorium on repatriating non-refugees who do not volunteer, should be implemented as from 1 July 1990;

4. The repatriation of non-refugees who do not volunteer to return is essential to the CPA's viability and survival. Without it, the status determination procedure has no meaning or purpose;

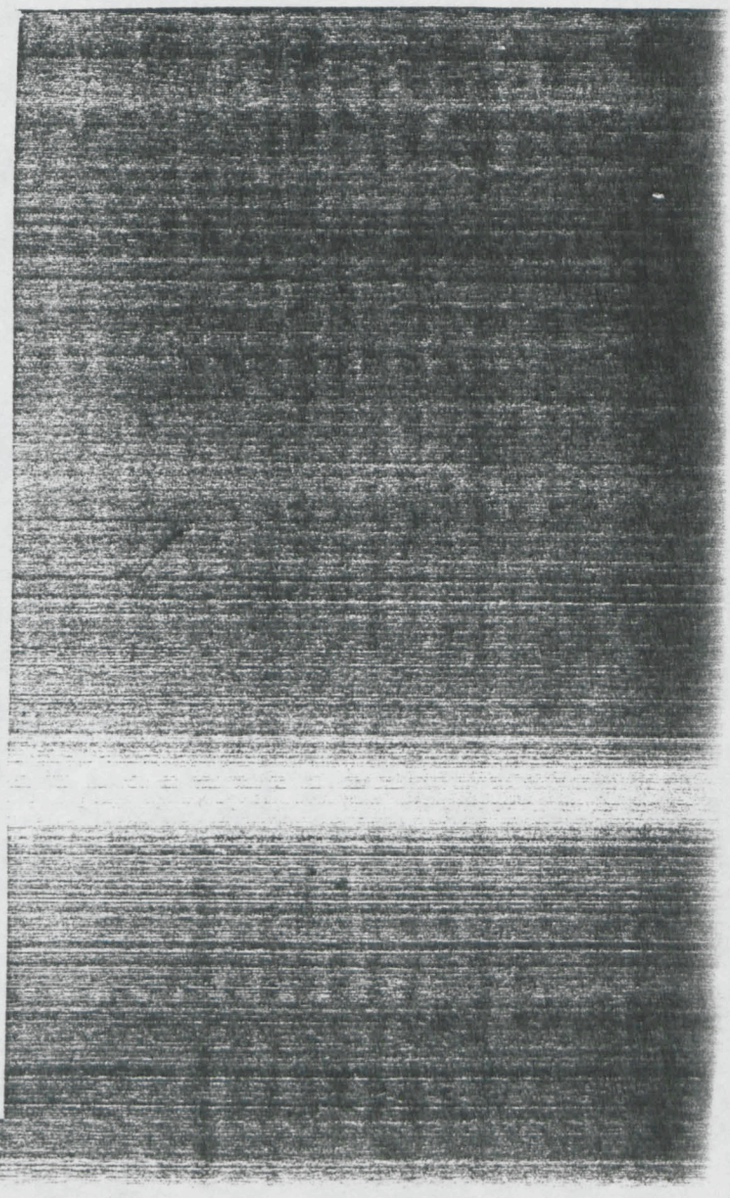
5. there is an obligation on any country which opposes the repatriation of non-refugees who do not volunteer to offer an effective intermediate solution, such as the setting up and financing on its own territory of a regional holding centre for all non-refugees, as envisaged in the CPA;

6. in the event of failure to agree even an intermediate solution to the VBP problem, countries of temporary refuge must reserve the right to take such unilateral action as they deem necessary to safeguard their national interests, including the abandonment of temporary refuge.

Countries of temporary refuge express their concern at the recent upsurge of Cambodian boat people in South-East Asia, noting that this category of boat people is not covered by CPA".

The overwhelming majority of participants at the Manila meeting reaffirmed that non-refugees should return to their country of origin in accordance with international practice reflecting the responsibilities of States towards their own citizens. If, however, agreement on the near consensus of the last Steering Committee on the duration of a moratorium on non-voluntary repatriation was again prevented, an intermediate solution, such as the establishment of a holding centre for non-refugees, should be found. They also agreed on the importance to tackle the root causes of clandestine departure from Vietnam through humanitarian programmes in that country. In that connection the British delegation announced a special scheme to support NGO activities in those parts of North Vietnam from which boat people come, for which purpose a sum of £1 million has been set aside. In addition, Vietnam has been added to the list of countries participating in the general Joint Funding Scheme under which the ODA meets 50 per cent. of the costs of agreed NGO projects.

Finally, the meeting recommended that the full Steering Committee should meet again in the very near future, possibly in late June in Geneva. The UN High Commissioner for Refugees was requested to bring the gravity of the situation to the attention of the Governments concerned and it was also noted that various demarches would be made to the same end by other participating States.



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

EHG (D) 90(31)

19 June 1990

EUROPEAN COUNCIL, DUBLIN

25/26 JUNE 1990

CENTRAL AMERICA AND CARIBBEAN: US PROPOSALS FOR A G24 TYPE MECHANISM

Objective: To support agreement in principle that EC should support US proposals for greater coordination between aid donors, without raising expectations that UK will devote more resources to region.

Points to Make

- Developments in region very encouraging. Not a priority area for UK, but recognise need to support emerging democracies in Central America.

- US proposals for G 24 type mechanism, designed to increase effectiveness of aid and bring in new donors, should be welcomed.

- Views of regional countries crucial. Subject to their views, we believe Caribbean should be included, as well as Belize and Panama.

- No question of supplanting Community's dialogue with Central Americans, nor its special relationship with much of the Caribbean.

- Recognise Lome status, where applicable, complicates matters. Can be worked around if will is there.

- Full blown G-24 exercise not necessarily appropriate. We've told Americans we don't favour a Steering Committee of donors only.

- But in the interests of EC/US relations and of Central America/ Caribbean that we should see how the proposal can be made to work.

- Defensive: Welcome results of regional Summit. Response to appeal for EC aid should await outcome of Asia/Latin America Review.

- Hope Belize can be included in future Summits with Panama.

REFERENCES A: US paper on G24-type mechanism
B: Guatemala telno 125

BACKGROUND

1. Secretary Baker's proposals for a G24-type mechanism in which the US would take the lead in coordinating aid for Central America and the Caribbean were floated formally at his meeting with EC Foreign Ministers on 3 May. Most Ministers and the Commission have expressed a cautious welcome, with varying degrees of hesitation, recognising that a generally positive response will be valuable for the overall development of EC/US relations. But the French are very negative, fearing that the US will try to impose its own priorities. Commissioner Matutes is also known to be unhappy, and the Commission has expressed reluctance over the inclusion of the Caribbean because of the different structures of Community aid under Lomé and the Asia and Latin America programme, and because they believe Lomé countries have nothing to gain from the exercise.

A 2. The proposals were discussed in UK/US/Canada official level talks on 11 and 12 June. The Americans explained that the initiative followed intensive lobbying of Baker by Latin American and Caribbean countries, concerned that they might be neglected in favour of Eastern Europe. The Americans had seized on the G24 exercise, and want to include explicit political conditionality to encourage the entrenchment of democracy (and to exclude Cuba).

3. The Americans say their ideas are still at a formative stage. They acknowledge that explicit conditionality could create difficulties in channelling aid to poor but politically problematic countries, eg if conditions in Haiti or Guyana deteriorated. We told them we did not think their proposal for a steering committee of donors only - counter to current aid practice under the Lomé convention or the San José process - would be acceptable to recipients. Baker met Central American Presidents on 18 June. Reports suggest that these
B points had been taken on board, although unrealistic expectations may have been aroused. But at the Sherpa meeting of 15/17 June it became clear that the US Treasury have reservations about Baker's ideas, and the Americans may not push these proposals as hard as previously expected at Houston.

/4.

4. Ministers considered the proposals in May, in the light of our political support for emerging democracies, the generally low priority we give Central America both in political terms and resources, and the lack of spare funds within the aid budget for increasing our activities (bilateral or multilateral) in Central America. They concluded that there are good tactical reasons for responding positively and accepting a greater degree of coordination (this is probably inevitable to some extent), but that we should avoid as far as possible significant financial consequences for the aid programme, either bilaterally or through the EC. For this reason it was decided to seek the inclusion of the Caribbean (where our involvement is greater than most of our Partners), but that we should not take the lead in discussion of Baker's plans. In light of the outcome of the UK/US/Canadian talks, we will also want to be more sure of the details of American proposals and assurances about their acceptability in the region before endorsing any highly structured formal framework for cooperation.

Central American Summit

5. A Central American Summit held at Antigua, Guatemala, on 16/17 June confirmed the new economic orientation of regional activities. The Presidents hope that the Summit process developed for the peace process will now serve to encourage regional integration and to promote devlopment. The Declaration issued at Antigua sets ambitious targets, but leaves detailed work to Ministers. There is an appeal to the EC to continue its political dialogue with the region and to increase economic cooperation. The Spaniards (or others) may suggest that the European Council should issue a statement welcoming the Summit, and responding to the EC-related points. We can accept a statement, but not wording which might imply a commitment to increased EC aid. The Development Council is currently considering the Commission proposals for the orientation of aid to Asia and Latin America for the 1990s.

6. Panama for the first time attended the Summit as an observer. Despite previous indications of interest from Costa Rica and Honduras, Belize was not invited because of Guatemalan sensitivites.

Mr Cottman, MCAD
cc Mr Rowland Jones

CONFIDENTIAL

A6

Distributed via the EPC Secretariat; the US side handed these over when they met the Troika after the last LAWG.
Tom Smith

THOUGHTS ON A G-24 MODEL FOR CENTRAL AMERICA AND THE CARIBBEAN

C O N C E P T

The G-24 process, which grew out of the Paris Economic Summit's decision to support political and economic reform in Poland and Hungary under the coordination of the EC, has worked well. It has been suggested that the G-24 might serve as a model for working together in Central America and the Caribbean. Recent Central American political developments have led the U.S. to examine how best to orient economic development efforts and political dialogue toward both Central America and the democratic Caribbean (the Caribbean Basin) on a region-wide basis.

S T R U C T U R E

We believe that a structure similar to the G-24, with the U.S., the EC and Japan serving as co-chairs and with a U.S. secretariat, holds great promise. Given the direct interest of western hemisphere states in this process, we could also consider inviting a Latin nation, e.g., Venezuela, to serve as co-chair. It would provide a multilateral mechanism to promote economic and political reform in Central America and the Caribbean Basin. While OECD members may be particularly interested in participating in this group, we should consider including other like-minded states as well. As with the G-24 for Eastern Europe, we would seek to include multilateral organizations already dealing with these issues --such as the World Bank, the IMF, OAS, IDB and others.

O B J E C T I V E S

A G-24 organization provides the flexibility and commitment to promote political and economic reform in a regional framework. This framework would engage participants in a two-fold manner;

-- First, to support shared political values such as continued democratization and pluralism, respect for human rights and the due process of law; and

-- Second, to encourage economic reform in the region, not only via traditional aid instruments but also through expanded trade and investment opportunities, transfers of technology, and educational exchanges.

Such a process could become a model for how to achieve a large goal: Uniting efforts by the United States, Europe, and Japan to support newly emerging democracies worldwide.

AC021/6
RECEIVED IN REGISTRY
11 JUN 1990
RC

* * * * *

Dener cc Mr Hobman LACAD, ODA
RC 6/6
Dr Rundell ECFAD, ODA
WIAD
DUH 6/6

G-24-like Mechanism for Central America and the Caribbean

Introduction

The U.S. is actively exploring the possibility of establishing a G-24-like process to support democracy and economic development in Central America and the Caribbean. The EC and Japan separately have raised with us the possibility of putting together an international, coordinated effort to support political and economic change in Central America. On April 23, Secretary Baker and EC Commission President Delors discussed the possible use of the G-24 model as a basis for regional action in Central America and the Carribean during US-EC Ministerial. Secretary Baker also discussed this idea with EC-12 foreign ministers on May 3.

Under Secretary Kimmitt and Japanese Deputy Foreign Minister Owada explored informally possible joint action in Central America in late March meetings. The concept was also discussed with Venezuelan President Carlos Andres Perez during his recent visit to Washington and with the Government of Mexico.

The reception from all quarters has been positive. Now, the specifics of how such a new G-24 type mechanism might work, which recipient countries would be addressed, and how the process might be managed need to be addressed. This paper presents U.S. views on these questions.

The Current International Donor Response

At present, the World Bank chairs consultative groups for individual Central American countries and for the Caribbean nations as a region (through meetings of the Consultative Group for Caribbean Economic Development). These meetings typically have the recipient nations providing an economic overview and report on development needs, priorities and policies. The international financial institutions present their perspective on the degree of success of these development plans and requirements for the future. Donor nations also critique progress and explain the nature of their aid programs.

This consultative group procedure has proven very useful in gaining donor support for the nations of Central America and the Caribbean, principally financial and technical assistance, food aid and the like.

Nevertheless, given the positive changes in the region and the fact that the Central American and Caribbean nations, with the exception of Cuba, are now moving in roughly the same political and economic direction, we believe it is time to reevaluate the way in which donor attention is focussed on this part of the world. Not only aid, but trade and investment opportunities need to be addressed, as well as regional issues such as the environment and narcotics. Continued democratization and strengthening of democratic institutions and processes will need to remain an overarching priority for each country.

The Eastern European G-24 - A Model

In 1989, the Economic Summit partners requested the EC to coordinate assistance to Poland and Hungary. As a result, a new mechanism was formed to provide assistance to those nations as they undertook political and economic reforms. This mechanism, dubbed the "G-24", will be extended to other Eastern European countries as they begin to follow a similar course. The EC serves as the secretariat and is an active member. The G-24 meets at working group, high-level and ministerial levels. Working groups address specific areas of concern to Eastern Europe: food aid; training and management; the environment; market access/trade and investment. International institutions including the World Bank, IMF and OECD also participate in the meetings.

A G-24-like Mechanism - Concept

In a broadly similar manner, a G-24-like mechanism could be fashioned to support democratic and economic development in the nations of the Central America and the Caribbean - the Caribbean Basin. Such a process could promote economic development in the region, for example, by bringing together international donor efforts and encouraging trade and investment opportunities. It could raise awareness of the role environmental protection plays in development. It could support counter-narcotics policies shared by donors and recipients alike.

The mechanism should help secure and strengthen shared political objectives and values such as the rule of law, human rights and pluralism.

Thus, the G-24-like mechanism we envision would go well beyond the objectives of the World Bank-led consultative groups, to include issues which we believe will be of increasing concern and relevance in the 1990's and beyond.

A final point: while the countries of Central America and the Caribbean, with the exception of Cuba, are all moving in roughly the same political and economic direction, they remain at very different stages of development - both economic and political. These developmental differences should be factored into the G-24-like mechanism.

G-24-like Mechanism - Organization

The basic structure would be assembled by a steering committee comprising the U.S., EC, Japan and possibly Venezuela, with a U.S. secretariat.

This four-member steering committee would meet in a preparatory conference during which the basic structure and objectives of the mechanism would be designed. As a next step, we envision convening a conference with both donor and recipient nations, probably at a high- or ministerial-level, to complete the preparatory work, and launch the organization formally.

We see the on-going work of the organization to be carried out by working groups, each of which would handle a certain topic and would be chaired by either by a member of the original steering committee or other interested nation. Representatives of member donor and recipient nations attending working group meetings would be normally be drawn from that nation's governmental agencies with competence in the working group's jurisdiction; in certain cases, representatives from the private sector would be encouraged to attend as well.

Given the economic and political development needs of the region, we believe working groups might usefully be established to treat the following subject areas:

- o Official Development Assistance - to discuss traditional aid flows including grant assistance, food aid, development assistance and the like;

- o Trade Liberalization and Promotion - to cover steps the donor and recipient nations are both taking to open and encourage two-way trade flows;

- o Investment - to examine actions the recipient nations are taking to enhance their attractiveness to domestic and foreign private sector investors, and measures the donor nations are taking to encourage their private sector to consider investment in the region;

- o Environment - to evaluate the impact of development on the environment and discuss environmental protection policies of donors and recipients;

- o Narcotics Control - to discuss steps taken by the Central American and Caribbean nations to control the cultivation, production and trafficking of narcotics and measures donor nations are taking to assist these efforts and strengthen domestic drug policies.

- o Democracy - to review measures taken by the recipient nations to strengthen democracy, democratic institutions, the rule of law, political pluralism and basic democratic freedoms.

We envision that these working groups would meet periodically under the chairmanship of the nominated country and be supported by a secretariat supplied by the U.S. The secretariat would provide working papers for each meeting, generally assist the chair and provide other secretariat functions. The working group meetings themselves, however, would take place at the chair's discretion.

As in the case of the Eastern Europe G-24 mechanism, we will want to ensure that current organizations dealing with these issues (e.g., the World Bank, IMF, Inter-American Development Bank, CARICOM and the OAS) are appropriately incorporated in the new G-24-like mechanism. For example, the U.S., as secretariat, would envision working closely with these organizations to support efforts of the working groups.

An annual meeting, probably at ministerial-level, would be convened by the steering committee members, would review the efforts of the working groups over that year, and would provide guidance to the working groups for the next year.

Next Steps

We are presently exploring these ideas with countries in the Caribbean Basin, as well as with the OECD nations outside the EC and Japan.

Given the urgency of the economic and social development task facing the nations of the Central America and the Caribbean, we hope this G-24-like mechanism can be established quickly. We note that the Central American nations are holding a regional five-nation economic summit meeting on June 15; these ideas could readily be discussed by those presidents at that occasion.

053524
MDLIAN 0153

TOP COPY
Q DIST

RESTRICTED
FM GUATEMALA CITY
TO PRIORITY FCO
TELNO 125
OF 192150Z JUNE 90
INFO PRIORITY WASHINGTON, TEGUCIGALPA, SAN SALVADOR, MANAGUA,
INFO PRIORITY UKMIS NEW YORK, SAN JOSE, PANAMA CITY, UKREP BRUSSELS,
INFO PRIORITY MEXICO CITY, CARACAS, BELMOPAN, OTTAWA, TOKYO

MY TELNO 122 (NOT TO ALL): US G24 PROPOSAL FOR CENTRAL AMERICA:

SUMMARY

1. G 24 PROPOSAL WELL RECEIVED BY THE CENTRAL AMERICAN PRESIDENTS. U.S. SECRETARY BAKER EMPHASISES THREE AIMS: DEMOCRACY, DISARMAMENT AND DEVELOPMENT. BUT THE PRESIDENTS SEEM TO HAVE MISINTERPRETED THE PLAN AS OFFERING ADDITIONAL AID, RATHER THAN THE BETTER CO-ORDINATION OF EXISTING EFFORTS. SUGGESTION OF INVOLVING MEXICO AND VENEZUELA.

DETAIL

2. U.S. SECRETARY OF STATE BAKER BREAKFASTED ON 18 JUNE WITH THE FIVE CENTRAL AMERICAN PRESIDENTS AND THE PRESIDENT OF PANAMA AND SUBSEQUENTLY HELD INDIVIDUAL BILATERAL MEETINGS WITH THEM. HIS PROPOSAL OF A G 24 TYPE PROCESS FOR THE REGION ON LINES DEVELOPED TO ASSIST POLAND AND HUNGARY, WAS WELL RECEIVED.

3. SPEAKING ON BEHALF OF ALL THE PRESIDENTS AT A SUBSEQUENT PRESS CONFERENCE, CRISTIANI CONFIRMED PUBLICLY THAT THEY VIEWED THE IDEA FAVOURABLY. HE STATED THAT BAKER HAD UNDERTAKEN TO DISCUSS IT FURTHER WITH THE G 24 MEMBERS, SO THAT AT THEIR NEXT SUMMIT (SET FOR COSTA RICA IN THE LAST QUARTER OF THE YEAR) THE PRESIDENTS COULD HAVE CONFIRMATION OF THE DONOR COUNTRIES' WILLINGNESS TO SET UP A FUND FOR CENTRAL AMERICA. PARTICULAR SATISFACTION WAS EXPRESSED THAT THE REGIONAL COUNTRIES WOULD BE PERMITTED TO PLAY A FULL PART IN DECISIONS ON THE SETTING UP, STRUCTURING AND RUNNING OF THE PROJECT.

4. BAKER SEEMS TO HAVE BEEN AT PAINS TO STRESS THAT THERE WOULD BE NO/NO CONDITIONS ATTACHED TO THE PLAN, ALTHOUGH HE MADE IT CLEAR THAT THE U.S. WOULD PRESS FOR PROGRESS IN THREE MAIN AREAS: DEMOCRACY, DISARMAMENT AND DEVELOPMENT. HE CONGRATULATED THE CENTRAL AMERICANS ON THE ACHIEVEMENTS OF LAST WEEKEND'S SUMMIT AND ITS APPROVAL OF WHAT HE DESCRIBED AS A ''VISIONARY AGENDA''. HE CONFIRMED THAT THE U.DEMOCRACIES WAYS IN WHICH GREATER SUPPORT COULD BE GIVEN TO DEMOCRACY AND DEVELOPMENT IN CENTRAL AMERICA.

5. THE U.S. COUNSELLOR SUBSEQUENTLY TOLD ME, HOWEVER, THAT THE

PRESIDENTS SEEMED TO HAVE GAINED THE IMPRESSION THAT THE PROPOSAL INCLUDED AID ADDITIONAL TO THAT CURRENTLY BEING PROVIDED BY G 24 DONORS. THIS WAS A MISCONCEPTION WHICH THE PRESIDENTS HAD MANAGED TO COMMUNICATE TO THE PRESS. THE FACT WAS THAT BAKER HAD NOT/NOT HELD OUT HOPE OF ADDITIONAL AID AND THAT THE PLAN, AS PRESENTED TO THE PRESIDENTS, SIMPLY SOUGHT TO MAKE MORE EFFECTIVE USE OF EXISTING AID BY BETTER COORDINATION OF DONORS' EFFORTS.

6. I UNDERSTAND THAT THERE WAS NO/NO DISCUSSION OF EXTENDING THE SCHEME BEYOND THE POTENTIAL RECIPIENTS REPRESENTED AT THE SUMMIT. PRESIDENT CALDERON, HOWEVER, SUGGESTED THAT, AS COUNTRIES WHICH HAD FOUGHT FOR A MORE JUST INTERNATIONAL ECONOMIC ORDER AND HAD CONFERRED CONSIDERABLE BENEFIT ON THE REGION IN THE FORM OF SPECIAL CONCESSIONS ON OIL SUPPLIES, MEXICO AND VENEZUELA COULD CONTRIBUTE TO THE DEVELOPED WORLD'S EFFORTS TO ASSIST CENTRAL AMERICA.

EVERETT

YYYY

DISTRIBUTION 130

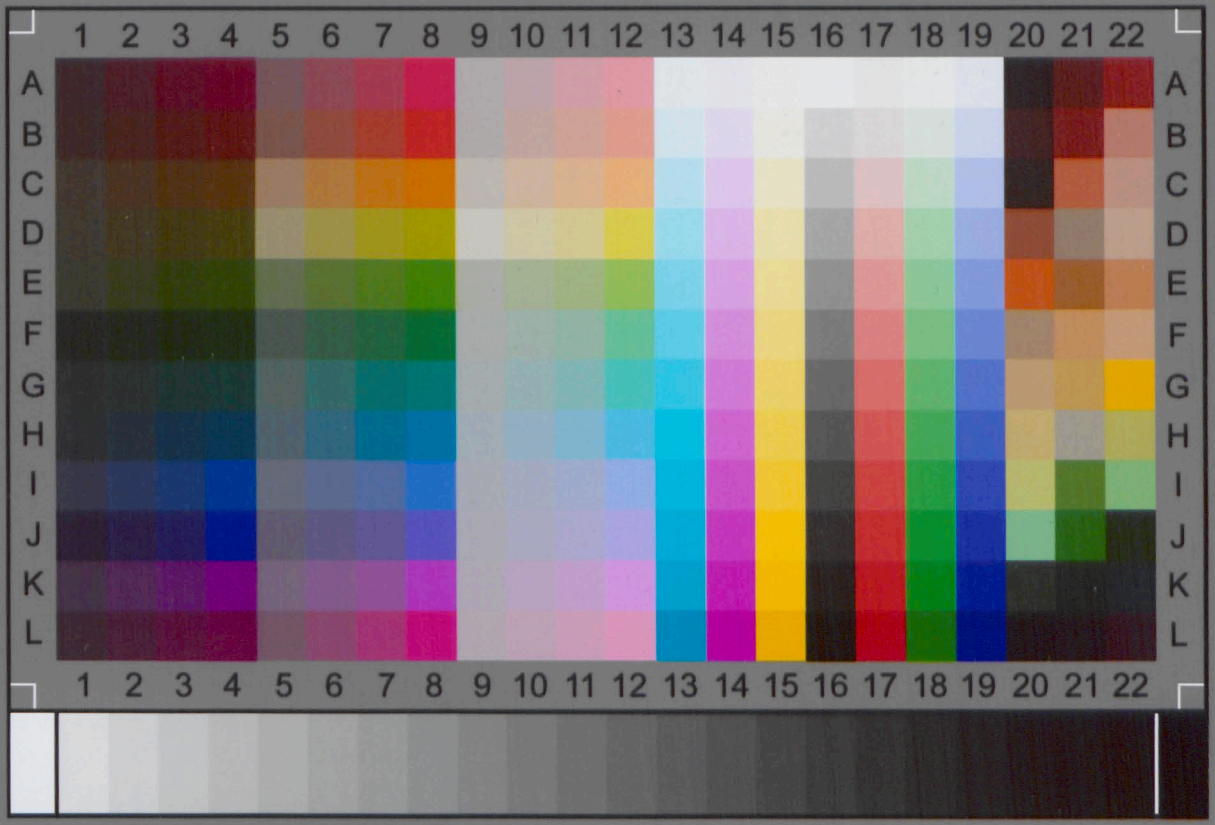
MAIN 125

.CENTRAL AMERICAN PEACE
.(PROCESS)
LIMITED
MCAD
NAD
SAMD
ECD(E)
ERD
ECONOMIC ADVISERS
ESED
HD/FID
HD/WIAD
SOVIET D
KIEV UNIT
PUSD
NEWS D
INFO D
RAD
UND
PLANNERS
RMD
PS
PS/MR SAINSBURY
PS/PUS
MR P J WESTON
MR MCLAREN
MR BEAMISH

ADDITIONAL 5

ASSESSMENTS STAFF CAB OFFICE
DI ROW 4A MODUK
LHCPD ODA
ECD ODA
MR APPLEYARD CABINET OFFICE

NNNN



IT8.7/2-1993
2009:02

Image Access

IT-8 Target

Printed on Kodak Professional Paper

Charge: R090212