

CRPS 453

CONFIDENTIAL [FRAME GENERAL]

FM THE HAGUE 271617Z JUN 79.

TO IMMEDIATE FCO

TELEGRAM NUMBER 172 OF 27 JUNE.

INFO PRIORITY UKREP BRUSSELS

INFO ROUTINE EEC POSTS.

EUROPEAN COUNCIL: NETHERLANDS REACTIONS

1. THE NETHERLANDS FOREIGN MINISTER STRESSED AT LUNCH TODAY THAT THE DUTCH GOVERNMENT WAS IN GENERAL WELL PLEASED WITH THE OUTCOME, PARTICULARLY THE DISCUSSIONS ON ENERGY, ON CONVERGENCE/ BUDGETARY CONTRIBUTIONS VAN DER KLAUW SAID THAT THE EXISTENCE OF A PROBLEM HAD STILL TO BE DEMONSTRATED TO THE SATISFACTION OF THE NETHERLANDS. IN PARTICULAR, IN THE DUTCH VIEW, THERE WAS NO DIRECT CONNECTION BETWEEN THE OPERATION OF THE CAP AND POSSIBLE IMBALANCES IN NATIONAL BUDGETARY CONTRIBUTIONS. THE EXISTENCE OF THE CAP WAS AN ARTICLE OF FAITH TO THE NETHERLANDS AND A FUNDAMENTAL ELEMENT IN THE TREATY. HE HOPED OTHERS WERE NOT DISPOSED TO QUESTION IT OR SEEK TO RE-NEGOTIATE WHAT HAD ALREADY BEEN AGREED.

2. I POINTED OUT THAT THE PRINCIPLE OF THE CAP WAS NOT AT ISSUE: IT WAS ENSHRINED IN THE TREATY, NOR WAS THERE ANY QUESTION OF A FURTHER RENEGOTIATION OF THE TERMS OF OUR ENTRY. BUT IT WAS CLEAR THAT A SITUATION COULD NOT CONTINUE IN WHICH 70% OF THE COMMUNITY'S FINANCIAL RESOURCES WERE DEVOTED TO THE MAINTENANCE OF THE CAP, WITH 9/10THS OF THAT 70% BEING SPENT ON DISPOSING OF AGRICULTURAL SURPLUSES. HE WOULD KNOW THAT ON ANY FIGURES WE WERE ABOUT TO BECOME THE LARGEST NET CONTRIBUTOR TO THE BUDGET WHEREAS IN TERMS OF GDP WE STOOD SEVENTH. AS CONCERNED A LINK BETWEEN THE CAP AND THE BUDGET, THE REVENUE AND EXPENDITURE SIDES COULD NOT BE DIVORCED. ONE HAD TO ASK ONESELF FROM WHERE THE FUNDS CAME ON WHICH THE MAINTENANCE OF THE CAP IN ITS PRESENT FORM DEPENDED. THE REPORT NOW TO BE PRODUCED BY THE COMMISSION AS A RESULT OF THE COUNCIL'S INSTRUCTIONS AT STRASBOURG WOULD NO DOUBT MAKE CLEAR THE FACTS IN AN OBJECTIVE AND DISPASSIONATE WAY AS WELL AS EXAMINING THE EXTENT TO WHICH THE 1975 CORRECTIVE MECHANISM WAS PLAYING THE PART FOR WHICH IT HAD BEEN DESIGNED.

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3. VAN DER KLAUW DID NOT DISSENT, BUT STRESSED THAT IN THE DUTCH VIEW THE COMMISSION'S PAPER WOULD HAVE TO TAKE THE FORM OF WHAT HE DESCRIBED AS A TECHNICAL RATHER THAN A POLITICAL EVALUATION. TO THIS EXTENT HE AGREED THAT THERE WAS A PROBLEM WHICH THE DUBLIN COUNCIL WOULD HAVE TO RESOLVE.

4. IT IS CLEAR FROM WHAT VAN DER KLAUW SAID AND OTHER SOUNDINGS WE HAVE TAKEN HERE THAT, DESPITE THE LORD PRIVY SEAL'S VISIT EARLIER THIS MONTH AND SUBSEQUENT MINISTERIAL CONTACTS, THERE IS STILL CONSIDERABLE SUSPICION ON THE DUTCH SIDE ABOUT OUR MOTIVES. AGAINST THIS BACKGROUND THE DUTCH ARE UNLIKELY TO BE PARTICULARLY HELPFUL AT THE NEXT COUNCIL MEETING IN DISCUSSING THE GUIDE LINES TO BE GIVEN TO THE COMMISSION ON WHICH TO DRAFT THE PROPOSALS TO BE CONSIDERED IN DUBLIN. REGRETTABLY THE PROBLEM OF EDUCATION MENTIONED IN MY TELNO 153 IS STILL WITH US.

5. FOR DISCUSSION OF VIETNAMESE REFUGEES AND ARRANGEMENTS FOR EUROPEAN PARLIAMENTARIANS IN STRASBOURG PLEASE SEE MY TWO I.F.T.S.

HERVEY

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