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UNCLASSIFIED

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TO IMMEDIATE FCO

TELEGRAM NUMBER 733 OF 1 DECEMBER

INFO IMMEDIATE UKREP BRUSSELS, DUBLIN

INFO ROUTINE ALL OTHER EEC POSTS

EUROPEAN COUNCIL DUBLIN: FIRST GERMAN REACTIONS

1. TO THE PRESS, CHANCELLOR SCHMIDT YESTERDAY DESCRIBED THE OUTCOME AS QUOTE A COMPROMISE ON A SOMEWHAT SHAKY BASIS UNQUOTE.
2. LATER ON TELEVISION HE EMPHASIZED THAT THE NEGOTIATIONS HAD NOT BROKEN DOWN. THEY HAD HOWEVER BEEN DIFFICULT. A NUMBER OF MEMBER STATES WERE WILLING TO MAKE ACCOMMODATIONS AND THAT HAD BEEN CLEAR FROM THE START. FOR EXAMPLE, THE FRG WAS AND REMAINED PREPARED TO TAKE A FURTHER SUM OF OVER DM 600 MILLION ON TO ITS OWN SHOULDERS IN ORDER TO ALLEVIATE BRITAIN'S UNDOUBTED ECONOMIC AND FINANCIAL DIFFICULTIES. THE FEDERAL GOVERNMENT WAS SUPPORTED IN THIS BY DR KOHL AND OTHER OPPOSITION LEADERS. THE FRG REMAINED READY TO PAY THE LION'S SHARE OF THE COMMUNITY BUDGET. BUT THE BRITISH GOVERNMENT DID NOT REGARD THIS AS SUFFICIENT. QUOTE I HAVE UNDERSTANDING FOR THAT UNQUOTE. HE HOPED THAT A RATHER DIFFERENT, OR POSSIBLY A QUOTE ENRICHED UNQUOTE SOLUTION WOULD STILL BE FOUND. THERE WERE TWO DECISIVE POINTS: THAT NEGOTIATIONS WOULD CONTINUE EARLY NEXT YEAR, AND THAT THE PRIME MINISTER, ALBEIT AT A VERY LATE STAGE OF THE MEETING, HAD SAID THAT SHE WAS NOT (NOT) DEMANDING ALL OR NOTHING. SHE WAS THEREFORE PREPARED TO COMPROMISE.
3. ASKED WHETHER IT WOULD HAVE BEEN POSSIBLE TO AVOID WHAT YOU HAD DESCRIBED AS A QUOTE FAMILY SQUABBLE UNQUOTE IF THIS READINESS TO COMPROMISE HAD COME EARLIER, THE CHANCELLOR SAID THAT THE ANSWER HAD TO BE YES.
4. THE GERMAN PRESS TODAY HAS SOME STRONG HEADLINES: QUOTE DUBLIN LIKE DUNKIRK UNQUOTE (SUEDDEUTSCHE ZEITUNG): QUOTE BRITAIN FAILED WITH HER DEMAND UNQUOTE (GENERAL ANZEIGER): QUOTE LONDON BID TOO HIGH UNQUOTE (WELT). THERE IS HEAVY COVERAGE. APART FROM FACTUAL REPORTS ON THE OUTCOME, MOST PAPERS REPORT THAT THE ATMOSPHERE IN DUBLIN WAS VERY DIFFICULT, WITH THE PRIME MINISTER ISOLATED AND HER PARTNERS IRRITATED BY SOME OF HER STATEMENTS. HOWEVER THE MOOD IMPROVED TOWARDS THE END WHEN THE PRIME MINISTER MADE IT CLEAR THAT



BRITAIN WAS WILLING TO COMPROMISE. STUTTGARTER ZEITUNG REPORTS THAT THE FRG AND LUXEMBOURG WERE WILLING TO GO BEYOND 520 MEAU BUT BRITISH PROPOSALS FOR SUPPLEMENTARY MEASURES WERE REJECTED AS GOING TOO FAR. SEVERAL NEWSPAPERS DESCRIBE THE DANES AS BRITAIN'S MOST ADAMANT OPPONENT.

5. PRELIMINARY EDITORIAL COMMENT IS MODERATE AND FAIRLY SYMPATHETIC. SUEDEDEUTSCHE ZEITUNG SEES THE ARGUMENT THAT BRITAIN KNEW THE RULES WHEN SHE JOINED THE COMMUNITY AS CORRECT BUT A BIT UNFAIR. DE GAULLE'S VETO KEPT BRITAIN OUT UNTIL ECONOMIC DECLINE PREVENTED HER FROM BENEFITTING FROM MEMBERSHIP. WELT SAYS THAT THE PRIME MINISTER WAS NOT ABLE TO REPEAT WELLINGTON'S VICTORY AT WATERLOO LARGELY BECAUSE SHE DID NOT HAVE A MARSCHAL BLUECHER. SCHMIDT WAS NOT WILLING TO PLAY THIS ROLE. ONLY ONE EDITORIAL IS DOWNRIGHT HOSTILE: THE RHEINISCHE POST SEES DUBLIN AS A DISASTER AND AN EMBARRASSING POLITICAL DEFEAT FOR BRITAIN. BRITAIN'S SPECULATIONS WERE COMPLETELY WRONG AND SHE SHOULD NOW ADMIT THAT SHE HAD BID TOO HIGH.

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