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10 DOWNING STREET

*From the Private Secretary*

9 February 1981

PERSONAL

The Prime Minister's visit to the Hague: Talks with the  
Dutch Prime Minister

As you know, the Prime Minister's session of talks with her Dutch opposite number, Mr. Van Agt, before lunch on Friday fell into two parts. The first part, which lasted for 20 minutes, was tête-à-tête; for the second part, which lasted 35 minutes, the Dutch Foreign Minister, Mr. Van Der Klaauw as well as Mr. Van Agt's Private Secretary and me were present. We were instructed to take no notes and make no record of the discussion. I should be grateful therefore if what follows could be given a very limited distribution. In fact most of the points raised in the restricted session were subsequently covered at the plenary meeting.

Deployment of nuclear weapons systems

Much of the tête-à-tête discussion between the Prime Minister and Mr. Van Agt had been devoted to the question of the deployment of nuclear weapons systems in Europe, and specifically, in the Netherlands. On joining the meeting Mr. Van Der Klaauw was invited to describe the previous day's debate in the Dutch Parliament. He said that he had been, on the whole, encouraged. It seemed to him that the Opposition were less united than he had expected in their opposition to the deployment of Theatre Nuclear Forces on Dutch soil. Their opposition to the deployment of Enhanced Radiation Weapons was, of course, absolute. Mr. Van Agt evinced considerable scepticism about Mr. Van Der Klaauw's report. His own assessment was that if the Americans persisted with the proposal to deploy ERW, the effects would spill over into TNF and make it unlikely that any further nuclear weapons systems would be deployed in the Netherlands. The Prime Minister commented that the Americans had not yet made a definite proposal about ERW.

Community Budget

Both the Prime Minister and Mr. Van Agt agreed about the need to ensure that the Commission kept to the agreed timetable for the production of its proposals on the restructuring of the Community budget. Mr. Van Der Klaauw said that he saw no reason why the Commission should not have produced its ideas by the beginning of June. The two Heads of Government were more cautious but agreed it was essential that the proposals should be available before the June meeting of the European Council. If this was to be achieved,

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pressure would probably have to be brought to bear on the Commission.

## Agricultural Prices

In response to a question from the Prime Minister, Mr. Van Agt said that he thought this year's rise in agricultural prices should be in the region of 8/9%. The Prime Minister said that she thought this was too high. Although she recognised that agricultural prices did not feed through directly into the cost of living, it would not be understood in the United Kingdom if the Government were to accept price rises of this order when they were arguing that wage increases should be held at a lower level.

Discussing possible mechanisms for controlling the cost of the CAP, the Prime Minister said that further use of co-responsibility levies would be unacceptable to HMG. They did not deal with the underlying problem. Mr. Van Agt said that more use should be made of differential price rises. If, for instance, this year's overall rise in agricultural prices was 8%, the price rises for the products most obviously in surplus e.g. milk should be held at 3% or 4%. Mr. Van Der Klaauw said that he favoured an approach which set absolute levels for the production of various products by member countries. National Governments would have to be responsible for production in excess of the agreed levels of production. When the Prime Minister asked Mr. Van Der Klaauw to confirm that he was proposing a system of national aids, he did so.

## Common Fisheries Policy

The Prime Minister described the difficulties posed for us by the failure of the Community so far to agree on a Common Fisheries Policy. She said that it was essential for the British Government to have an agreement soon. We could not wait for the French elections in April. But for the French, it seemed clear that agreement would have been reached at the last meeting of the Fisheries Council. We had been deeply disappointed by the failure registered then. It now looked as if the French might be trying to establish some form of linkage between the fisheries issue and agricultural prices. If so this was likely to prove counter-productive. Mr. Van Agt made it clear that he was sympathetic to the British Government's position on the CFP.

## Afghanistan

A discussion of the vagaries of French policy on the CFP led to a discussion of the recent French initiative on Afghanistan. Both Mr. Van Agt and Mr. Van Der Klaauw displayed considerable irritation at the manner in which the French initiative had been announced. Mr. Van Der Klaauw in particular considered it inexcusable that the Dutch, as holders of the Presidency, had received no advance warning whatever.

## The Cost of European Institutions

Mr. Van Agt agreed with the Prime Minister that the recent expedition by members of the European Parliament to Latin America

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had been an unwarrantable extravagance. Both Heads of Government expressed concern about the mounting cost of European institutions, notably of the European Parliament - because of its need to commute, and of the Commission - because of its demands of interpretation and translation. In the latter context, Mr. Van Der Klaauw said that he thought that it would sooner or later be necessary for the Community, like the United Nations, to adopt two or three official languages and devolve upon member states the responsibility for interpretation and translation into the other languages. Mr. Van Agt did not dissent but commented on the difficulties which such a policy would pose for e.g. the Belgians.

I am sending copies of this letter to John Wiggins (H.M. Treasury), Brian Norbury (Ministry of Defence), Kate Timms (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

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