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TO IMMEDIATE F C O  
TELEGRAM NUMBER 040 OF 03 FEBRUARY  
INFO SAVING EC POSTS, UKDEL NATO

PRIME MINISTER'S VISIT TO THE NETHERLANDS

1. THE PRIME MINISTER MAY FIND IT USEFUL TO HAVE ON THE EVE OF HER VISIT A SUMMARY OF THE CURRENT MOOD HERE.
2. VAN AGT FACES A NUMBER OF DIFFICULT PROBLEMS AND THE RUN-UP TO THE GENERAL ELECTIONS ON 26 MAY IS BEGINNING TO PREOCCUPY HIS ATTENTION. THE CHRISTIAN DEMOCRAT PARTY (CDA) COUNCIL DULY ELECTED HIM ON 31 JANUARY TO LEAD THE PARTY INTO ELECTIONS. BUT OF 300 VOTES MORE THAN 60 WERE CAST AGAINST HIM, REFLECTING A FEELING THAT HE LEADS FROM TOO FAR TO THE RIGHT; AND THERE IS STILL A CDA CONGRESS, WHICH WILL CONFIRM HIS LEADERSHIP AND DISCUSS THE PARTY PLATFORM, TO COME IN A FORTNIGHT'S TIME. HE WILL NOT HAVE AN EASY TASK IN HOLDING THE PARTY TOGETHER OVER THE COMING MONTHS. THE GENERAL ASSUMPTION IS THAT THE CHRISTIAN DEMOCRATS WILL EMERGE AS THE LARGEST PARTY AFTER 26 MAY. NEVERTHELESS, WHETHER VAN AGT AS EXPECTED THEN LOOKS TO THE LEFT AND SEEKS TO CONSTRUCT A COALITION WITH LABOUR, OR TRIES TO MAINTAIN THE PRESENT LINK WITH THE LIBERALS (THE MOST RIGHT WING OF DUTCH PARTIES), THE CHRISTIAN DEMOCRATS ARE LIKELY TO REMAIN RESTIVE.
3. NOT THE LEAST OF HIS CURRENT PROBLEMS IS THE TANGLE INTO WHICH THE PRESENT CABINET HAVE GOT THEMSELVES BY AUTHORISING THE DUTCH HEAVY INDUSTRY CONGLOMERATE RSV TO SUPPLY TAIWAN WITH TWO SUBMARINES ALONG WITH OTHER ENGINEERING AND CONSTRUCTION EQUIPMENT. VAN AGT, HAVING ALLOWED HIMSELF TO BE PUSHED INTO THIS DEAL BY HIS LIBERAL COALITION PARTNERS, IS NOW TRYING TO BACK OUT OF IT (BY REFUSING TO GIVE THE FIRM CONCERNED THE NECESSARY EXPORT CREDIT GUARANTEE): BUT THIS IS TOO LATE TO PREVENT SEVERE DAMAGE TO SINO-DUTCH RELATIONS. THE GOVERNMENT WERE DEFEATED ON THE ISSUE IN THE SECOND CHAMBER THIS AFTERNOON, THOUGH THEY ARE LIKELY TO WIN ANY SUBSEQUENT VOTE OF CONFIDENCE.
4. SUBMARINES APART, THE TWO GREAT CONTROVERSIES IN DUTCH POLITICS REMAIN NUCLEAR ENERGY AND NUCLEAR WEAPONS. ON BOTH VAN AGT REMAINS UNCOMFORTABLY PLACED, GIVEN THAT THEY ARE STRONGLY OPPOSED NOT ONLY BY A WIDE RANGE OF PUBLIC OPINION BUT ALSO BY A FACTION INSIDE HIS OWN PARLIAMENTARY PARTY LARGER IN NUMBER THAN THE SIZE OF THE GOVERNING COALITION'S MAJORITY. ON TNF STATIONING THE CDA ARE FIRMLY TAKING THE LINE THAT THE DECISION MUST ONLY BE TAKEN IN DECEMBER 1981 AS LAID DOWN BY THE GOVERNMENT IN DECEMBER 1979.

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5. AT A TIME WHEN PESSIMISTIC MEDIUM-TERM FORECASTS FOR THE NETHERLANDS ECONOMY ARE BEING LISTENED TO WITH INCREASING CONCERN AN INFORMED MINORITY IS ARGUING STRONGLY THAT GIVEN DECLINING NATURAL GAS RESERVES ECONOMIC GROWTH CANNOT BE ACHIEVED WITHOUT SECURE SOURCES OF ENERGY AND THIS MEANS NUCLEAR POWER. THE LOCAL EQUIVALENT OF THE CBI HAS JUST LAUNCHED A MAJOR CAMPAIGN ON THESE LINES - SO FAR UNSUPPORTED BY THE GOVERNMENT.

6. IN THE DEBATE OVER NATO AND NUCLEAR WEAPONS, TOO, THE GOVERNMENT HAS SO FAR FAILED TO PROVIDE A LEAD. SINCE CHRISTMAS THERE HAVE BEEN SOME ENCOURAGING SIGNS OF LIFE ON THE PART OF THE PRO-NATO LOBBY. LUBBERS, THE CHRISTIAN DEMOCRATIC FRACTION LEADER IN THE SECOND CHAMBER, HAS NOW SUGGESTED QUALIFIED SUPPORT FOR TNF STATIONING (16 GLCMS RATHER THAN THE 48 ORIGINALLY PROPOSED BY NATO). BUT VAN AGT HAS AS YET SHOWN NO SIGN OF PRODUCING THE LEAD HE TOLD ME THAT HE HOPED TO: AND WITHOUT A MOVE FROM HIM THE GOVERNMENT REMAINS TORPID.

7. THE POLITICAL SCENE IN THE NETHERLANDS IS THUS CURRENTLY DOMINATED BY DISSENSION AND UNCERTAINTY. EVEN THE NETHERLANDS PRESIDENCY CAN BE AFFORDING VAN AGT LITTLE SOLACE. ON THE COMMUNITY SIDE (REFORM OF THE CAP, RESTRUCTURING) HELPFUL THOUGH THE DUTCH REMAIN THERE IS SMALL HOPE - PARTICULARLY IN VIEW OF THE OBDURATE LINE CURRENTLY BEING PURSUED BY THE FRENCH - OF DRAMATIC PROGRESS BEING MADE BEFORE JULY. AS REGARDS POLITICAL COOPERATION, PRIDE IN THE DUTCH ROLE IN ARTICULATING THE VIEWS OF THE TEN (NOTABLY ON THE MIDDLE EAST) IS TEMPERED BY DOUBTS AS TO THE CAPACITY OF VAN DER KLAUW TO PLAY THE LEADING ROLE REQUIRED OF HIM.

8. AGAINST THIS BACKGROUND VAN AGT WILL BE ANXIOUS TO EXCHANGE VIEWS WITH THE PRIME MINISTER ON HOW BEST TO MOVE MATTERS FORWARD IN THE COMMUNITY DURING 1981. THERE ARE OF COURSE A NUMBER OF IMPORTANT POINTS TO BE MADE IN THAT CONTEXT (SEE THE BRIEFS ON EUROPEAN COMMUNITY MATTERS). BUT I HOPE ESPECIALLY THAT MRS THATCHER WILL FEEL ABLE TO SPEAK FRANKLY TO VAN AGT ABOUT THE DESIRABILITY OF A MORE FORWARD ATTITUDE ON NUCLEAR WEAPONS, AND TO A LESSER EXTENT ON NUCLEAR ENERGY. IT REMAINS A FAIR CHARGE THAT VAN AGT HAS TENDED TO PREOCCUPY HIMSELF WITH SHORT-TERM PROBLEMS TO THE DETRIMENT OF IMPORTANT LONG-TERM INTERESTS BOTH OF THE NETHERLANDS AND OF THE COUNTRY'S PARTNERS AND ALLIES. FOR THE NETHERLANDS GOVERNMENT TO CONTINUE TO HANG BACK FROM FIRM DECISIONS OVER TNF STATIONING AND NUCLEAR ENERGY CANNOT BUT AFFECT THE STRENGTH OF THE NATO ALLIANCE AND THE URENCO PARTNERSHIP; AS A MINIMUM IT IS REASONABLE TO SUGGEST THAT THE GOVERNMENT SHOULD BEGIN TO PREPARE AND EDUCATE PUBLIC OPINION TO THE RIGHT SORT OF DECISIONS TO BE TAKEN. AT PRESENT THEIR OPPONENTS MAKE NEARLY ALL THE RUNNING.

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