

PRIME MINISTERMEETING WITH NETHERLANDS PRIME MINISTER

The Dutch Party are:

Mr. Lubbers  
Mr. van den Broek - Foreign Ministers  
Mr. Meyjes - Economic Direct -  
Ambassador  
Mr. Merckelback - Lubbers' Private Secretary

Our side will be:

Geoffrey Howe  
David Williamson  
John Margetson (our Ambassador)  
Myself

They will arrive at 1200. You will want a photocall.  
Thereafter you agreed to a private discussion with Lubbers  
from 1215-1245 (Private Secretaries only), followed by a  
working lunch and a plenary session in the afternoon.  
The visit would end at 3.30/4.00 pm.

I suggest that you use your tete-a-tete with Lubbers to cover  
INF deployment, your meeting with Gorbachev, the SDI and  
economic policies. Bilateral questions might be taken over  
lunch, when you might also start on the Community, making  
that the main theme of the after-lunch plenary.

I attach briefs and cards.

25 January 1985





coalition partners CDA and VVD (29.3% and 23.1% at the last election). With all the uncertainties about polls, this is still disturbing news for Mr Lubbers: the coalition appears at present to have the support of rather less than half the electorate.

Second, the Prime Minister may also be interested to know that on 11 January the Netherlands Cabinet reached agreement on a White Paper proposing the construction of two new nuclear power stations before the end of the century. This is the first major victory for the Dutch pro-nuclear energy lobby for a number of years.

---

Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

PS I recommend

Herman Posthumus Meyjes.

Quirky, but he has a sharp intelligence, a real sense of humour, and a delightfully unorthodox streak.

---

C D Powell Esq  
10 Downing Street



TALKS WITH NETHERLANDS' PRIME MINISTER: 26 JANUARY

Points to Make

INF/Nuclear Arms Control

1. Alliance cohesion essential now talks resumed. In absence of agreement, should stick to agreed INF deployment timetable. Have strongly urged Belgians not to postpone March deployments. Glad your policy clear and resolute - important implications for East-West relations. (Final decision on Dutch deployment, to be taken in December 1985, depends on automatic formula: to go ahead and accept full share of 48 missiles if the number of SS20s has increased by November, to take a proportionately reduced share if an arms control agreement affecting SS20s has been reached by then.)

East/West

2. Geneva could pave way for more active US/Soviet relations, with positive impact on East-West relations in general. Signs of greater realism from Russians encouraging.

3. Productive arms control talks need right practical framework. Intend to continue policy of contacts at different levels. Gromyko visiting London this year but also number of contacts at official level. Gromyko to The Hague? (invited for 1985).

4. Gorbachev visit opportunity to show senior Russian how liberal democracy works. His confidence and authority: improvement in style on other Soviet leaders, but no change on substance. EC



Development of economic policies

1. Modest recovery in Europe looks set to continue.
2. Firm consensus on counter-inflationary macro policies and growing emphasis on structural issues. Need for disinflationary monetary and fiscal policies and greater efforts to free markets.
3. Key to better long term jobs prospects is slower growth in pay and improved labour market flexibility.
4. Tax cuts better for jobs than extra public expenditure.
5. No right/target level of public investment. Infrastructure spending only benefits our economies when justified on rate of return criteria.
6. [If raised] Intend to join EMS when time is right - not now. Doubt if exchange market conditions or their management would have been easier if sterling had been a member.

↑  
[He is quite likely to raise this]



Defence Procurement (for background see separate brief)

1. Attach importance to strengthening European defence cooperation. Successful relaunch of WEU. First ever Ministerial meeting of Independent European Programme Group (IEPG) in The Hague last November charted way ahead in procurement collaboration. Major contribution of Dutch as chairmen. Glad that Defence Ministers will meet again in June in London.

2. [If better support for IEPG is raised] Appreciate that IEPG machinery may require strengthening. But better to see how workload develops before deciding how to strengthen. Would not favour using existing WEU international secretariat.

3. Hope Dutch will give serious consideration to our proposals for supply of Vertical Launch Sea Wolf for new generation frigates. Dutch purchase of Sea Wolf and further UK orders of Goalkeeper (close in weapon system) obvious and attractive second package following last year's Spey/Goalkeeper package. Sea Wolf and Goalkeeper should be compelling combination for NATO frigate for the 1990's. Good example of European defence cooperation. The question of further purchases of Goalkeeper Close-in Weapon Systems is currently under consideration and we hope to announce our decision shortly.

[Mr. Tattie advises there are good chances of selling Sea Wolf if you promote it with Lubbers]



BILATERAL QUESTIONS

Tercentenary of William and Mary (for background see separate brief)

1. British Executive Committee now set up: first meeting on 15 January. Looks forward to close cooperation with Dutch Committee. Interesting suggestion for commemorative events put forward. Look forward to enjoyable programme in 1988 highlighting mutual heritage.

Gas Supplies (for background see separate brief)

2. Decision on Sleipner as soon as possible. If UK does not purchase Sleipner gas, will have to look at other options, including Netherlands.
- \_\_\_\_\_
- \_\_\_\_\_

VISIT BY NETHERLANDS' PRIME MINISTER AND FOREIGN MINISTER:  
26 JANUARY

Defence Procurement Collaboration

Essential Facts

Better Support for IEPG

1. IEPG has considered and rejected idea of permanent Secretariat on number of occasions, the last being in early 1984 before the Dutch Chairmanship had begun to bite and before Mr Heseltine's initiative.
2. Arguments against have been desire to avoid inflexible and inefficient bureaucracy. Also recognised that the momentum of the IEPG depends upon enthusiasm and commitment of the Chairholder and the individual panel Chairmen. Main extra workload will fall on the three panels and at present UK is not persuaded that creation of a permanent Secretariat would ease situation.
3. We find the suggestions from some quarters that WEU International Secretariat could be used to fill the role unattractive for a number of reasons - dubious qualifications of people involved; sensitivities of the smaller nations and those non-members of WEU; might also be seen as a "take over" of IEPG activities.
4. This subject features on agenda for forthcoming meeting of IEPG National Armament Directors to be held in Brussels on 18 February.

Vertical Launch Sea Wolf

5. VLSW is a Point Defence Missile System (PDMS) for ships, produced by British Aerospace (BAe). It is derived from the conventionally launched Seawolf which is fitted to some of our existing frigates and which performed well in the Falklands, but the novel feature of vertical launch provides greater all round defensive coverage against attacking missiles. It has been selected



for the Royal Navy for the Type 23 frigates, but although several overseas countries have expressed an interest in the system, none is yet committed to acquiring it. A choice of VLSW by the Dutch Navy as the PDMS for their next generation frigates (the M-Class) would provide a springboard for further overseas sales.

6. The competition to VLSW to meet this Dutch requirement comes from the Vertical Launch Sea Sparrow (VLSS), a system of US origin. The Dutch Navy have a strong preference for this system, largely because it is a variant of the conventionally launched Sea Sparrow which they and a number of other NATO Navies already have in service. A Dutch decision between VLSW and VLSS is believed to be imminent. A package as for RR Spey/Goalkeeper could be constructed around VLSW for the Dutch navy and for the Royal Navy orders for Goalkeeper.

#### Goalkeeper/RR Spey engines

7. Letter of Intent signed April 1984 by Mr Pattie (Minister of Defence Procurement) and Dutch counterpart: agreement on reciprocal purchase of RR Spey engines by Netherlands' Navy and HSA's Goalkeeper CIWS by Royal Navy. LOI contain no provisions for cooperation on research, development and procurement. Decision on buying more Goalkeepers depends on allocation in defence budget.

As regards the defence procurement brief, in plain language the various weapons/engine systems referred to can best be described as follows: Goalkeeper is a ship-based modern version of a Gatling gun, which fires a large number of rounds per minute and is designed to destroy Exocets and the like; Spey is the Rolls-Royce engine; Seawolf and Seasparrow are ship-to-air missiles.



TERCENTENARY OF WILLIAM AND MARY

Essential Facts

1. 1988 will see the 300th anniversary of the arrival in England of William of Orange, at the invitation of a group of powerful Whig peers, in order jointly with his consort to succeed her father James II on the English throne.
  
2. The British-Netherlands Mixed Commission meeting in Edinburgh in November 1982 proposed that commemorative events should be jointly organised by the two countries. The Dutch have set up a national committee under the chairmanship of Professor Bachrach of Leiden University. Sir Charles Troughton, lately Chairman and now President of the British Council, agreed to become Chairman of the British Executive Committee. The first meeting of the British Committee took place on 15 January.
  
3. The two Committees will now explore in detail suggested activities. There will be a major exhibition in 1988 at the Victoria and Albert Museum, linked to the Tercentenary celebrations. They will concentrate on our common cultural heritage with the Netherlands in the framework of 'The World of William and Mary'. The British Committee's remit is essentially on the cultural side; 'The Glorious Revolution' has political and emotional overtones in Ireland and Scotland, as well as meaning little to the Dutch.



VISIT BY NETHERLANDS' PRIME MINISTER AND FOREIGN MINISTER:  
26 JANUARY

GAS SUPPLIES (DEFENSIVE)

Essential Facts

1. In late 1983 the Dutch expressed willingness to allow Gasunie, their gas utility, to consider fresh export contracts. Talks took place in February 1984 between the Secretary of State for Energy and Mr van Aardenne, the Dutch Minister for Economic Affairs. An offer made by Gasunie to BGC in March was uncompetitive with Sleipner on price.
2. The Dutch have retained an interest in selling gas to the UK. On 14 June 1984 Mr van Aardenne wrote to Mr Walker making a new offer in vague terms. Mr Walker's reply expressed guarded interest and Department of Energy officials later visited The Hague. BGC has declined to open negotiations with the Dutch while the draft agreement between BGC and Statoil still stands.
3. We await a decision on Sleipner.

Energy, Science and Space Department  
22 January 1985



VISIT BY NETHERLANDS PRIME MINISTER AND FOREIGN MINISTER:  
26 JANUARY 1985: EC ISSUES

OBJECTIVES

1. To explain our positive ideas on the future development of the Community, which include making a reality of the common market (a goal which the Dutch share) but which go further than that.
2. To emphasise our commitment to enlargement by 1 January 1986 and to seek Dutch support for sticking to agreed Community positions on fisheries and olive oil.
3. To establish a common position with the Dutch on Integrated Mediterranean Programmes.
4. To remind the Dutch of the Fontainebleau commitment to the UK's 1000 mecu abatement on the revenue side in 1985.
5. To get agreement that we shall work together in the CAP price-fixing.



POINTS TO MAKE

1. FUTURE OF THE COMMUNITY

- We recognise the problems which enlargement will pose, and want to see the Community move forward.
  
- But this work should not be carried forward in a way which, far from strengthening unity, would create new divisions.
  
- We hope that van Eekelen will concentrate his efforts in the Dooge Committee, as Malcolm Rifkind will be doing, on achieving the widest possible area of agreement. That is the Committee's mandate from the European Council.
  
- We want the existing Treaty provisions to be fulfilled: that means completion of the common market (a goal which you share).
  
- We could agree to formalising the arrangements for political cooperation, where our record is second to none.
  
- We are also prepared to look at ways of guarding against abuse of the claim that very important national interests



are at stake.

- This could be done by requiring the Member State concerned formally to justify its position in a special procedure of the Council.

- But the cohesion of the Community itself requires that no Member State should be voted down on a matter which really is of great importance to it.

- We are open to practical ideas of increased cooperation in areas like science, education, health and internal security, though a great deal of practical cooperation is going on already.

- Our attitude to this work will depend on whether we see a genuine commitment to make a reality within an agreed time-scale of the key provisions in relation to completion of the common market (eg liberalisation of transport, insurance, banking, etc).

- We want this not just because Britain is strong in the services sector, but because creation of a genuine common market is a way to create jobs and keep Europe competitive.



[As necessary]

- Do not see how majority voting could be extended to such areas as the seat of the institutions (Article 216), coordination of economic policy (Article 103(2)), harmonisation of taxes (Articles 99/100), own resources (Article 201), etc

- Need to find best practical means of achieving better decision-making. This was why I suggested at Dublin modification of your idea, ie that we should agree to consider not insisting on unanimity for the adoption of standards in new technologies.

- Do not believe others really prepared to give European Parliament powers in relation to revenue. The French seem to have in mind permitting Parliament to make proposals in one or two other areas. Those proposals might then be processed by the Commission. It would then be for the Council to decide.



## 2. INTERNAL MARKET

- UK working to:

- (a) identify detailed priorities for common action;
- (b) establish realistic timetable (perhaps in two or three stages).

- Delors has suggested (speech to European Parliament) completion of Common Market by 1992, the lifetime of two Commissions. We should like to see specific targets for completion of common market for goods and services.

- Grateful for any ideas you may have. Must work closely together to achieve this. Need to go beyond dealing with the issues one by one: Must get agreement on a comprehensive, coordinated approach to break the log jam.

- Heads of Government need (probably at June European Council when future of Europe discussed in depth) to commit themselves collectively to a firm timetable.

- This the way to make reality of your idea of declaring 1985 "internal market year".





3. HIGH TECHNOLOGY

- Generally support Dr Lubbers' approach.
- Agree Community should strive to create "technological Community" enabling Europe to compete effectively with the United States and Japan.
- But driving force must come from industry. The Community will not help by spending large amounts of public money.
- It can help by creating the right conditions ie completion of Internal Market.
- Selective joint research projects may also have a role. ESPRIT is a good example with its 50% industrial involvement. However we should not aim for more than a gradual increase in Community R&D expenditure.



#### 4. ENLARGEMENT

- Enlargement will make the Community more cumbersome. But we have to honour the commitments to Spain and Portugal;
  
- The prospect of accession had led to our agreement with Spain over the opening of the border with Gibraltar and the Spanish Prime Minister's declaration of support for NATO membership at his recent Party conference;
  
- If Spain enters the Community on schedule on 1 January 1986, the prospects will be good for a positive vote in the referendum on NATO membership;
  
- Following the agreements in Dublin, the outstanding issues in the negotiations should be resolved by the time of the European Council in March;
  
- Enlargement must take place as planned, on 1 January 1986.



Outstanding Issues

a) Fisheries

- EC agreed position with great difficulty. Must stick to it; concessions of substance would run real risk of destroying CFP and reopening full EC debate on fisheries.

- At best, may be able to make concessions on presentational value to help Spaniards finally agree. Will be in touch with Dutch on our ideas on this.

(If Dutch argue for shortening duration of transition)

- Cannot agree. Existing EC position already offers Spaniards opportunity to end transition before 1995 by joining other Member States to work out adequate control measures; if they do, transition would end after only 8 years;

- Must ensure that even if negotiations break down in enlarged Community, balance of CFP safeguarded until date for revision in sight (2002).



b) Olive Oil

- Latest Italian 1983/84 production figures 900,000 tonnes (25% higher than previous record) show Community already in surplus;

- Strengthens case for Commission to propose guarantee threshold now. Italians must cut back on fraud drastically or system will fall into disrepute.

- Spanish production very large (640,000 tonnes). Would produce 20% surplus for whole Community if automatic alignment of prices. Must stick to Community position.

c) Euratom [If Dutch Raise]

- Agree Spanish non-ratification of NPT cause for concern. But they have accepted full-scope safeguards which is all that is required of Euratom accords. In Community context, this does present technical problem with supplier (Australia). Commission have in hand.



5. INTEGRATED MEDITERRANEAN PROGRAMMES

- UK/Netherlands positions very similar. We agree
  - basis for IMPs must be Brussels European Council conclusions;
  - IMPs expenditure must be kept to a minimum and channelled through Structural Funds;
  - emphasis should be on responding to Greek Memorandum as Enlargement terms now ensure almost no effect on French and Italian farmers, at least for many years.
  
- IMPs should start for Greece alone in 1985;
  
- aim must be to end up with Greece having larger share of smaller total.
  
- Total cost of IMPs. Chancellor Kohl agreed we should try to settle on a sum of 600 mecu at March European Council.



## 6. BUDGET

- Best solution still to bring forward Own Resources Decision with interim VAT rate to cover 1985 overrun and UK abatement.
- Could reluctantly contemplate second IGA to cover overrun, though very difficult to secure agreement of our Parliament.
- However overrun is financed, must implement Fontainebleau conclusions ie UK abatement on revenue side in 1985.
- Must have 1000 mecu abatement in Own Resources Decision in a way that ensures we get it automatically once Decision enters into force.
- Decisions on ORD/supplementary finance must be taken simultaneously. UK could not ask House of Commons to contribute to further IGA until we had got our abatement.  
In everybody's interest to ensure new Own Resources Decision in force by end of this year.

[If necessary]

- Proposal to finance our 1000 mecu abatement also through



inter-governmental agreement would not provide legal basis to vary the VAT rate and is not likely to be agreed in the Council.

- Very difficult to contemplate doing this through Article 235. Germans strongly opposed.



7. CAP

- Positions close on price-fixing. Decisions must be in accordance with financial guideline. Need for restrictive price policy (zero norm increase for milk, cereals, wine etc).
  
- Effective application of guarantee thresholds (milk quotas, must be implement as agree at 1984 price fixing; maximum 5% abatement of cereal prices (ie 5% net) and Dublin agreement on wine implemented, if last not settled beforehand).
  
- Vital to do something about cereals. 45 million tonnes exportable surplus this year. Stocks in intervention already 13 million tonnes. Must apply the price reduction agreed under the guarantee threshold arrangements.
  
- No further preferential treatment for Mediterranean products (expenditure up 254% 1979 compared with 76% in total FEOGA).
  
- Final Commission price proposals (due early February) should not only accord with financial guideline in practice but should also include figures to show that Commission has met its commitments on budget discipline as already agreed.





8. EC/US AND MULTILATERAL TRADE RELATIONS

- Not the moment for trade frictions to sour EC/US relations.
  
- Congressional discussion of Block's Farm Bill will put spotlight on EC subsidised farm exports.
  
- EC must:
  - (a) demonstrate to US serious nature of CAP reform, while;
  - (b) continuing to counter firmly US protectionism.
  
- Keep reminding Americans that it is the root of the problem that needs addressing - the strong dollar - trade deficit (with the budget deficit to a large extent responsible for both).

FOREIGN AND COMMONWEALTH OFFICE

24 JANUARY 1985

LUBBERS, DR RUUD F M (CDA)

Prime Minister since November 1982.

Born 1939. Studied economics at Rotterdam University, and became managing director, jointly with his brothers of the family engineering firm in 1965.

Was Chairman of the Catholic organisation of employers in the engineering industry and member of the Rijnmond Regional Council 1970-3 for the Catholic Party (KVP). Appointed Minister of Economic Affairs in the den Uyl Government 1973 but declined a ministry in the van Aft Government in 1977. He served as Deputy floor leader of the CDA until the resignation of Aantjes in November 1978. CDA floorleader, Second Chamber 1978-82.

Belonged to the radical wing of the KVP and is regarded as progressive in Labour Party circles. One of the youngest members of the den Uyl Cabinet and widely regarded as one of the most successful Ministers of that government. Decided not to join van Agt government, possibly because he disagreed with the decision to form a coalition with the Liberals (VVD). Charges that he continued to benefit financially from the family engineering firm during his time as Minister did not prevent his election as floor leader.

A man of ability and charm, though his quickfire style of talking makes him hard to follow in either Dutch or English (which he nevertheless speaks well). He is widely considered to have made a most competent start as Prime Minister. His ingenuity and capacity for hard work are unquestioned. The extent to which he has it in him to halt, let alone reverse the CDA's decline remains as yet unclear.

Married with two sons and a daughter. His wife Ria is more ordinary.

CONFIDENTIAL

BROEK, HANS VAN DEN GCMG

Minister of Foreign Affairs since November 1982.

Born 1936.

Studied law, Utrecht. 1965-68 solicitor in Rotterdam; 1969-76 company secretary and accountants manager with ENKA in Arnhem; 1970-74 Rheden town councillor; 1976 elected to Second Chamber where he was a member of the Foreign Affairs Committee and reserve member of the Defence Committee. Played an active role in the debate within the CDA on nuclear weapons (he then supported TNF stationing). State Secretary for Foreign Affairs 1981-1982.

Charming and friendly. On most international issues his objectives are close to our own. He is on the right of his party and, being somewhat impatient with party politics, is resented by more radical CDA backbenchers. Known to be on good terms with Lubbers.

Married to a charming wife who speaks good English. Two children. He speaks excellent English and is generally anglophile: he spent some time at school in the UK.

CONFIDENTIAL



HUYDECOPER VAN NIGTEVECHT, JHR JAN LOUIS REINIER, GCVO

Netherlands Ambassador to Britain since 1982.

Born 1922 in Utrecht. Studied law at Leiden. Rotterdam Bank 1942-44; Ministry of Finance 1945-46; joined Foreign Service 1946; Ottawa 1947-48; Berlin and Bonn 1949-52; London 1952-56; Jakarta 1956-59; Washington 1959-62; Rome 1962-66; Ministry 1966-70; Minister in London 1970-73; Geneva 1973-74; Ambassador to USSR 1974-77; Ambassador to Portugal 1978-80.

Competent and widely respected. A man of strong views, which he does not hesitate to express.

Married. He and his wife speak excellent English.



POSTHUMUS MEYJES, DR HERMAN C

Director-General for European Co-operation, Ministry of Foreign Affairs since January 1978.

Born 1927. Studied political science at Universities of Amsterdam and Wisconsin. Ministry of Agriculture 1958-62. Joined Ministry of Foreign Affairs in 1962. Adviser on Policy Planning 1972-77. Part-time Professor of International Relations at Wageningen University until appointed Director General of European Co-operation in January 1978.

A member of the home-based Foreign Ministry, he has not served abroad. Rather academic in experience, he has a lively mind and a keen sense of humour. Labour Party sympathies.

Divorced (twice). Speaks excellent English. **NOW MARRIED AGAIN.**



MERCKELBACH, Mr J P M H

Chief Foreign Affairs Adviser to the Netherlands Prime Minister since 1975.

Born 1935.

Doctor of Law (Meester).

Joined Ministry of General Affairs (roughly = Cabinet Office) in 1963.

Cabinet Secretariat 1967.

As his record suggests, he has great depth of experience in the service of successive Dutch Prime Ministers. His nickname in The Hague is 'The Sphinx', and indeed he does not give much away. But he is a friendly enough interlocutor.

M. Panell

REVISED LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE  
PRIME MINISTER IN HONOUR OF HIS EXCELLENCY DR. R.F.M. LUBBERS,  
PRIME MINISTER OF THE NETHERLANDS ON SATURDAY, 26 JANUARY 1985 AT  
1.00 PM FOR 1.15 PM

---

The Prime Minister

His Excellency Dr. R.F.M. Lubbers                      Prime Minister of the Netherlands

His Excellency Mr. Hans van den Broek      Foreign Minister

His Excellency the Ambassador of the Netherlands

Dr. Posthumus Meyjes

Mr. J.P.M.H. Merckelbach                      Chief Foreign Affairs Adviser  
to the Prime Minister of the  
Netherlands

Rt. Hon. Sir Geoffrey Howe, MP

Mr. J.W.D. Margetson                      HM Ambassador, The Hague

Mr. David Williamson

Mr. Charles Powell

DRAFT SEATING PLAN FOR LUNCHEON ON SATURDAY, 26 JANUARY 1985

Mr. Charles Powell

Mr. J.W.D. Margetson

Dr. Posthumus Meyjes

His Excellency Dr. R.F.M. Lubbers

Rt. Hon. Sir Geoffrey Howe

THE PRIME MINISTER

His Excellency Mr. Hans van den  
Broek

His Excellency the Ambassador of the  
Netherlands

Mr. David Williamson

Mr. J.P.M.H. Merckelbach

ENTRANCE