

GRS 360  
CONFIDENTIAL  
DESKBY FCO 120700Z  
FRAME GENERAL  
FM BONN 111845Z FEB 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 116 OF 11 FEBRUARY  
INFO IMMEDIATE UKREP BRUSSELS, ROME

CONFIDENTIAL

GERMAN POLICY ON EUROPE: NEW OWN RESOURCES AND AGRICULTURAL PRICES

1. AT A MEETING OF COMMUNITY HEADS OF MISSION TODAY, RUHFUS ASKED THOSE PRESENT TO REPORT THAT THE PARTIES IN THE BUNDESTAG (SPD AS WELL AS COALITION) INTERPRETED FONTAINEBLEAU AS MEANING THAT NEW OWN RESOURCES COULD COME INTO EFFECT ONLY ON 1 JANUARY 1986. THIS REMAINED THE POSITION OF THE FEDERAL GOVERNMENT. THIS YEAR'S FINANCIAL SHORTFALL COULD BE DEALT WITH BY A SECOND INTERGOVERNMENTAL AGREEMENT. COMPENSATION FOR BRITAIN COULD BE PAID BY GOVERNMENTS TO THE COMMISSION FOR PASSING ON TO UK. THIS WAS SUPPLEMENTED IN A SEPARATE CONVERSATION BY THIELE (FEDERAL CHANCELLERY). HE SAID THAT FEDERAL MINISTERS HAD DEVOTED CONSIDERABLE TIME AT THEIR MEETING ON EUROPEAN POLICY ON 7 FEB TO THE LINK BETWEEN NEW OWN RESOURCES AND ENLARGEMENT AND THE PROBLEMS OF THE 1985 BUDGET AND OF BRITAIN'S ABATEMENT. THEY HAD DECIDED TO MAINTAIN THE LINK BETWEEN NEW OWN RESOURCES AND ENLARGEMENT. AS FOR THE 1985 BUDGET AND THE BRITISH ABATEMENT, THEY HAD CONCLUDED THAT THE LATEST BRITISH PROPOSAL (YOUR TELEGRAMS NOS 51 AND 52) SUFFERED FROM A NUMBER OF UNCERTAINTIES AND WAS BOUND TO RUN INTO DIFFICULTIES WITH THE EUROPEAN PARLIAMENT. THEY REGARDED A SECOND INTERGOVERNMENTAL AGREEMENT AS THE ONLY PROMPT AND PRACTICABLE WAY OF DEALING WITH THE PROBLEMS OF THE 1985 BUDGET AND OUR ABATEMENT. THE GERMANS STOOD BY FONTAINEBLEAU AND WERE READY TO SEE THE PROBLEM OF OUR ABATEMENT SETTLED TOMORROW.

PRICE FIXING

2. RUHFUS SAID THAT THE FEDERAL GOVERNMENT WAS HAVING TO FACE UP TO THE TENSION BETWEEN ITS INTEREST IN FINANCIAL DISCIPLINE IN THE COMMUNITY ON THE ONE HAND AND THE PLIGHT OF GERMAN FARMERS ON THE OTHER. GERMAN FARMERS HAD DONE BADLY IN RECENT YEARS AND IT WOULD BE EXTREMELY DIFFICULT TO ASK THEM TO ACCEPT ANY CUTS IN INCOME. RUHFUS WAS NONCOMMITTAL ABOUT A 'ZERO SOLUTION' IN THE PRICE FIXING. SEPARATELY, THIELE TOLD US THAT FEDERAL MINISTERS HAD HAD A FULL DISCUSSION ON THIS ISSUE ON 7 FEB BUT HAD COME TO NO

- 1 -  
CONFIDENTIAL

/CONCLUSIONS



CONFIDENTIAL

CONCLUSIONS: FURTHER DISCUSSION WOULD BE NEEDED IN THE LIGHT OF DEVELOPMENTS IN BRUSSELS. MEANWHILE, THE GERMANS WERE VERY CONSCIOUS OF THE IMPLICATIONS FOR THE COMMUNITY OF MEETING THE DEMANDS OF THE GERMAN FARMERS.

FCO PLEASE ADVANCE TO: NO 10

CABINET OFFICE: WILLIAMS, STAPLETON, LAMBERT

HM TREASURY: FITCHEW

FCO: PS, BRAITHWAITE, RENWICK, FAIRWEATHER,  
WALL, SHEPHERD

MALLABY

(ADVANCED AS REQUESTED)

FRAME GENERAL

ECD (1)

COPIES TO  
ADVANCE ADDRESSEE

2.  
CONFIDENTIAL