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FM UKREP BRUSSELS

TO IMMEDIATE FCO

TELNO 4123

OF 271725Z NOVEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS LISBON MADRID

FRAME INSTITUTION~~AL~~

IGC : COREPER LUNCH WITH DELORS.

SUMMARY.

1. FREQUENT EMOTIONAL APPEALS FROM DELORS FOR MORE FAR-RANGING CHANGES INTERSPERSED WITH A FEW BRIEF FLASHES OF REALISM. MEMBERS OF THE PREPARATORY GROUP SPENT MOST OF THEIR TIME TRYING TO GET THE PRESIDENT'S FEET BACK ON TO THE EARTH RATHER THAN PUSHING THEIR INDIVIDUAL POSITIONS. MAIN SUBJECTS COVERED, INTERNAL MARKET, MONEY, TECHNOLOGY AND COHESION.

DETAIL.

2. THE PRESIDENT OF THE COMMISSION GAVE LUNCH TO THE MEMBERS OF THE PREPARATORY GROUP ON 27 NOVEMBER. HE CAME STRAIGHT TO THE LUNCH FROM HIS PRESS CONFERENCE (ON WHICH SEE M.I.P.T.). DELORS WAS EXCITABLE AND EMOTIONAL THROUGHOUT, AND AT ONE TIME OR ANOTHER DENOUNCED ALMOST EVERY MEMBER STATE EXCEPT ITALY, BELGIUM AND THE NETHERLANDS. HE DENIED ANY INTENTION OF WALKING OUT OR OTHERWISE DISRUPTING THE CONCLAVE OR THE EUROPEAN COUNCIL DESPITE FREQUENTLY SAYING THINGS THAT IMPLIED THAT THAT WAS WHAT HE INTENDED TO DO. HIS MAIN THEME WAS THAT THE PRESENT PACKAGE WAS NO GOOD. IT WOULD HAVE TO BE IMPROVED AT THE CONCLAVE AND AT THE EUROPEAN COUNCIL IF IT WAS TO BE WORTH DOING AT ALL. THE GERMAN, FRENCH, AND DUTCH REPRESENTATIVES AT VARIOUS TIMES ARGUED THAT THE OUTCOME WAS NOT AS BAD AS DELORS WAS MAKING OUT AND THAT PUBLICLY EXPRESSED PESSIMISM BY THE PRESIDENT OF THE COMMISSION WAS MERELY LIKELY TO MAKE A WORRYING SITUATION WORSE AND TO REDUCE THE CHANCES OF SUCCESS. UNGERER (GERMANY) ARGUED THAT PROGRESS BY MODEST STEPS WAS THE ONLY WAY THE COMMUNITY EVER MOVED FORWARD. GREAT QUALITATIVE LEAPS FORWARD HAD NEVER BEEN PRACTICAL, NOT EVEN IN THE 1950S. DE NANTEUIL (FRANCE) SAID DELORS WAS BEING TOO SEVERE ABOUT THE PRESENT PACKAGE. IT WAS NOT TOO BAD. HE WAS EXAGGERATING. HE SHOULD TAKE A MORE MEASURED ATTITUDE. DELORS SAID HE HAD LISTENED TO THE ADVICE CAREFULLY AND WOULD HEED IT.

INTERNAL MARKET.

3. DELORS SAID THAT THE IDEA OF AN AREA WITHOUT FRONTIERS WAS ONE OF THE TWO GREAT DREAMS HE HAD FOR EUROPE (MONEY WAS THE OTHER). THE TEXT ON THE TABLE NOW, FESTOONED WITH EXCEPTIONS, WOULD NOT ACHIEVE IT. THERE MUST ALSO BE A TEXT ON COOPERATION BETWEEN MEMBER STATES AGAINST TERRORISM, DRUGS AND ILLEGAL IMMIGRATION. THERE COULD NOT BE DEROGATIONS FOR THOSE WITH HIGHER STANDARDS, NOR COULD THERE BE EXCEPTIONS FOR HUMAN, ANIMAL AND PLANT HEALTH. MEMBER STATES SHOULD SIMPLY RELY ON THE LUXEMBOURG COMPROMISE TO VETO ANYTHING THEY DID NOT WISH TO BE TAKEN BY A QUALIFIED MAJORITY DECISION.

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4. O'ROURKE (IRELAND) SAID THIS WOULD NOT DO. THE PROBLEM OVER ARTICLE 36 WAS A REAL ONE WHICH WOULD NOT GO AWAY. ESPER LARSEN (DENMARK) SAID THAT WITHOUT SOME PROVISION FOR THE DANES ON HIGHER STANDARDS THERE WOULD NOT BE AGREEMENT. I SAID THAT I WAS SURPRISED THAT, AFTER THE CAREFUL EXPLANATION WE HAD GIVEN OF THE REAL PROBLEMS THAT AROSE FOR BRITAIN AND IRELAND OVER HUMAN, ANIMAL AND PLANT HEALTH, THE COMMISSION COULD NOW THINK THAT A TEXT COULD GO THROUGH WHICH SIMPLY IGNORED THEM. IT WAS SIMPLY NOT TRUE TO SAY, AS THE PRESIDENT HAD, THAT OTHER MEMBER STATES WERE IN NO DIFFERENT SITUATION OVER THESE MATTERS THAN WERE THE TWO ISLAND MEMBER STATES.

MONETARY ISSUES.

5. NOTERDAEME (BELGIUM) SAID THAT THERE SHOULD BE NO OTHER EXCEPTIONS TO QUALIFIED VOTING IN ARTICLE 100 THAN THOSE DEALING WITH TAX MATTERS, FREE MOVEMENT OF PERSONS AND RIGHTS OF WORKERS. ANY OTHER EXCEPTIONS SHOULD BE PUT ELSEWHERE IN THE TREATY. I SAID THAT IT WAS OF COURSE PERFECTLY FEASIBLE TO DEAL WITH OUR CONCERNS OVER HUMAN, ANIMAL AND PLANT HEALTH IN ARTICLE 43 IF THAT WAS PREFERRED. THE IMPORTANT THING WAS TO GET THE SUBSTANCE RIGHT.

6. DELORS ONCE AGAIN PUSHED HIS OWN PROPOSALS, SAYING IT WAS QUITE WRONG TO HAVE REGARDED THEM AS REVOLUTIONARY. ON THIS OCCASION HE HARPED MORE ON WHAT HE DESCRIBED AS A GERMAN PRESS CAMPAIGN AGAINST HIM THAN ON WHAT THE CHANCELLOR HAD SAID AT THE ECOFIN COUNCIL. IN ANY CASE, IT SIMPLY WAS NOT TRUE TO SAY THAT PUTTING EMS INTO THE TREATY CREATED SOME KIND OF COMPETENCE FOR THE COMMISSION. THE FACT WAS THAT THE COMMISSION HAD THE RIGHT AT ANY TIME TO MAKE A PROPOSAL UNDER ARTICLE 235 OF THE TREATY ON MONETARY MATTERS. THIS POINT HAD BEEN CONFIRMED IN FORMAL LEGAL ADVICE WHICH HE HAD SOUGHT FROM A NON-COMMISSION BELGIAN JURIST. HE WOULD CIRCULATE THAT ADVICE. HE HAD ONLY MENTIONED ECONOMIC AND MONETARY UNION IN HIS AMENDED TEXT BECAUSE HE HAD THOUGHT IT MIGHT HELP WITH THE GERMANS. HE NOW UNDERSTOOD THAT IT CAUSED REAL PROBLEMS FOR THE UK AND WAS QUITE PREPARED TO WITHDRAW ANY REFERENCE TO EMU.

7. NOTERDAEME (BELGIUM) WONDERED WHETHER THE WHOLE QUESTION OF THE EXCHANGE RATE MECHANISM COULD BE EXPLICITLY LEFT TO THE CENTRAL BANK GOVERNORS AND THE MONETARY COMMITTEE, WHILE INCLUDING SOME REFERENCE TO EMS IN THE TREATY. CALAMIA (ITALY) BELIEVED THERE COULD BE WAYS OF CAREFUL DRAFTING WHICH WOULD MEET ANY UK OBJECTIONS TO A REFERENCE TO EMU.

8. I REHEARSED AGAIN THE ARGUMENTS AGAINST A REFERENCE IN THE TREATY TO MONETARY ISSUES. WE WERE SIMPLY NOT PREPARED TO GIVE TREATY FORCE TO A CONCEPT LIKE EMU WHICH NO-ONE WAS CAPABLE OF DEFINING OR DESCRIBING AND WHICH APPEARED TO IMPLY A FUNDAMENTAL SHIFT IN THE RELATIONSHIP BETWEEN THE MEMBER STATES AND THE COMMUNITY. RUTTEN (NETHERLANDS) SAID HE HAD CONSIDERABLE SYMPATHY FOR THIS VIEW. IT WAS NOT WISE TO PUSH EMU TOO HARD. HE BELIEVED SOME COMPROMISE TEXT ON MONETARY ISSUES COULD BE AGREED BUT IT WOULD TAKE TIME. THERE HAD BEEN MANY MISUNDERSTANDINGS.

TECHNOLOGY.

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9. DELORS CONTINUED HIS REFRAIN THAT THE PRESENT TEXT ON TECHNOLOGY WOULD HOBBLE ANY COMMUNITY TECHNOLOGICAL PROGRAMME COMPLETELY. ALL THAT WOULD BE LEFT WOULD BE EUREKA. HE THEN HAD AN INCREASINGLY SHARP EXCHANGE WITH NOEL (COMMISSION) WHO ARGUED THAT THE PRESENT TEXT IN FACT CONTAINED A REASONABLE AMOUNT OF FLEXIBILITY.

10. RUTTEN (NETHERLANDS), NOTERDAEME (BELGIUM) AND DELORS THEN ALL ASKED ME WHETHER WE COULD NOT ENVISAGE SOMETHING DIFFERENT FROM THE PRESENT TEXT. I SAID I DOUBTED WHETHER IT WAS WISE TO PRESS THIS ISSUE. THE PRESENT TEXT ALREADY FELL WELL SHORT IN PRECISION OF WHAT WE WANTED. LIKE NOEL, I BELIEVED THAT IT WAS COMPATIBLE WITH THE AIMS OF ALL MEMBERS STATES AND THE COMMISSION TO DEVELOP EUROPEAN TECHNOLOGY. UNGERER (GERMANY) SUPPORTED THE ARGUMENTS FOR THE EXISTING PRESIDENCY TEXT.

COHESION.

11. DELORS CONCLUDED WITH A BLISTERING ATTACK ON THE IRISH AND GREEKS. THEY HAD NOBODY BUT THEMSELVES TO BLAME FOR HAVING REJECTED A GENEROUS COMMISSION TEXT ON COHESION. NOW THEY WOULD GET NOTHING AND WOULD LIVE TO RUE THE DAY. WHEN ZAFIRIOU (GREECE) TRIED TO REPLY, DELORS SAID HE HAD HEARD ENOUGH IN RECENT WEEKS FROM THE GREEKS ABOUT THE NEED FOR MORE MONEY.

12. AT VARIOUS STAGES IN THE DISCUSSION THERE WAS SOME SPECULATION AS TO WHETHER THE EUROPEAN COUNCIL ON 2/3 DECEMBER WOULD BE THE DEFINITIVE END OF THE ROAD OR NOT. RUTTEN (NETHERLANDS) ARGUED STRONGLY FOR CONTINUING THE WORK AFTER THE DECEMBER EUROPEAN COUNCIL. DELORS TOO FAVOURED THIS. CALAMIA (ITALY) SAID HE DID NOT FAVOUR A CONTINUATION: THE NEGOTIATIONS WOULD MERELY DETERIORATE EVEN FURTHER.

13. NO CONCLUSIONS WERE DRAWN ON ANY POINT. DELORS SAID THE COMMISSION WOULD MEET IN LUXEMBOURG ON 1 DECEMBER TO TAKE STOCK AND TO DECIDE THE LINE HE SHOULD TAKE AT THE EUROPEAN COUNCIL. ERSBOELL (COUNCIL SECRETARIAT) WAS PRESENT THROUGHOUT BUT HARDLY SPOKE, HE TOLD ME THAT THE PRESIDENCY AND THE COUNCIL SECRETARIAT WERE NOW PREPARING TEXTS MORE OR LESS ON THEIR OWN, WITH LITTLE HELP FROM THE COMMISSION, WHOSE OFFICIALS WERE HAMPERED BY DELORS' ATTITUDE.

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