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FM LUXEMBOURG

TO FLASH FCO

TELNO 474

OF 291455Z NOVEMBER 85

INFO FLASH THE HAGUE (FOR PS/SECRETARY OF STATE)

INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY OTHER EC POSTS, MADRID, LISBON

VISIT TO LUXEMBOURG BY THE SECRETARY OF STATE: 29 NOVEMBER

1. AT A MEETING CHAIRED BY PRIME MINISTER SANTER AT WHICH POOS AND DONDELINGER WERE ALSO PRESENT, THE PAPER PREPARED BY THE PRESIDENCY FOR THE FORTHCOMING EUROPEAN COUNCIL WAS DISCUSSED. THE FOLLOWING POINTS EMERGED:

I) SANTER AGREED THAT IT WAS IMPORTANT TO CONCLUDE IGC AT THE LUXEMBOURG COUNCIL. IT SHOULD NOT BE ALLOWED TO DRAG ON INTO THE DUTCH PRESIDENCY WHEN ISSUES WOULD BE MORE DIFFICULT TO RESOLVE BECAUSE OF ELECTIONS IN FRANCE AND NETHERLANDS AND BECAUSE THE TERMS OF DISCUSSION WOULD DETERIORATE.

II) IN RESPONSE TO THE SECRETARY OF STATE'S VIEW THAT THE COUNCIL SHOULD CONCENTRATE ON ISSUES WHICH HAVE BEEN UNDER DISCUSSION OVER THE PAST MONTHS, DONDELINGER SAID HE HOPED THE COUNCIL WOULD STICK TO THE PRESIDENCY PAPER.

III) ON THE DEFINITION OF THE INTERNAL MARKET IN ARTICLE 1, THE PRESIDENCY AGREED WITH THE SECRETARY OF STATE THAT THE DEFINITION PREFERRED BY THE MAJORITY OF THE MEMBER STATES WAS THE ONE TO AIM FOR. THEY AGREED THAT THE WORD 'MARKET' AVOIDED THE INCLUSION OF SUCH SUBJECTS AS DRUGS, IMMIGRATION AND TERRORISM.

IV) ON ARTICLE 100A, AND THE QUESTION OF HEALTH AND LIFE OF HUMANS, ANIMALS AND PLANTS, DONDELINGER POINTED OUT THAT THE PRESIDENCY HAD BEEN HEAVILY CRITICISED FOR TAKING INTO CONSIDERATION THE BRITISH AND IRISH POINT. THE PRESIDENCY APPEARED HOWEVER TO ACCEPT THAT THIS ISSUE POSED SPECIAL PROBLEMS FOR THE ISLAND STATES AND SOUGHT TO REASSURE US THAT THE INDENTATIONS UNDER 'SOLUTION TO BE SOUGHT' WERE AIMED AT DRAWING OUT THE GERMANS AND DANES ON THEIR INSISTENCE ON THE RIGHT TO MAINTAIN HIGHER STANDARDS RATHER THAN AT THE BRITISH AND IRISH POINT. DONDELINGER CONFIRMED THAT THIS GERMAN AND DANISH INSISTENCE HAD CREATED A REAL PROBLEM.

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V) THE SECRETARY OF STATE POINTED OUT THAT THE USE OF THE TERM 'MEASURES' IN ARTICLE 100A WHEREAS ARTICLE 100 USES 'DIRECTIVES' WOULD CAUSE US DIFFICULTY. DONDELINGER SAID THAT OUR OBJECTION TO SEEING THE COMMUNITIES' POWERS TO LEGISLATE DIRECT ENLARGED IN THIS WAY WAS A MAJOR POINT. HE CLAIMED THAT TEN OF THE TWELVE WERE IN FAVOUR OF THE USE OF THE WORD 'MEASURES' AND THAT THE WORD 'MEASURES' DID NOT EXCLUDE 'DIRECTIVES'.

VI) IN RESPONSE TO THE SECRETARY OF STATE'S ARGUMENT THAT THE TIME WAS NOT YET RIPE FOR THE INCLUSION OF A COMMITMENT TO MONETARY UNION, THE PRESIDENCY POINTED OUT THAT OTHERS SAW IT DIFFERENTLY AND THERE WAS A STRONG COMMITMENT FOR IT TO BE INCLUDED EVEN IF IT WAS LESS CLEAR IN WHAT TERMS. SANTER SUGGESTED IT WOULD BE APPROPRIATE FOR SOMETHING TO BE INCLUDED EVEN IF ONLY AN ACKNOWLEDGEMENT THAT EMS EXISTED.

VII) ON COHESION, DONDELINGER SAID THEY HAD TRIED TO MEET OUR ANXIETIES IN THE PRESIDENCY'S NEW FORMULATION. RENWICK AGREED THIS WAS A VAST IMPROVEMENT AND PROVIDED A BASIS FOR AGREEMENT.

VIII) ON THE EUROPEAN PARLIAMENT, THE SECRETARY OF STATE SAID THAT ANY SHIFT AWAY FROM THE PRESIDENCY PROPOSAL WOULD CAUSE US DIFFICULTY. DONDELINGER SAID THAT THE PRESIDENCY DID NOT LIKE THE NEW DELORS PROPOSAL WHICH STOOD NO CHANCE OF ACCEPTANCE. HE AGREED THE PRESIDENCY PROPOSAL WAS THE ONLY POSSIBLE FORMULATION BUT EXPECTED CONSIDERABLE TROUBLE WITH THE ITALIANS WHO HAD THREATENED TO PUT A GENERAL RESERVE ON THE OUTCOME OF THE COUNCIL UNTIL/UNLESS THE EUROPEAN PARILAMENT APPROVED. THE PRESIDENCY HAD JUST RECEIVED A GERMAN PROPOSAL, ORIGINATING WITH KOHL, THAT PFIMLIN SHOULD BE ALLOWED TO TAKE PART IN THE COUNCIL'S DISCUSSIONS OF THE EP'S ROLE. THE PRESIDENCY REACTION HAD BEEN LUKEWARM AND THEY BELIEVED THAT THE GERMANS WERE NOW RECONSIDERING. RENWICK SAID PFIMLIN SHOULD BE BRIEFED AFTER THE COUNCIL. THE COUNCIL'S DECISIONS WOULD NOT BE SUBJECT TO RE-NEGOTIATION REGARDLESS OF THE ITALIAN ATTITUDE. DONDELINGER CONFIRMED THIS WAS THE PRESIDENCY'S VIEW.

IX) ON SOCIAL POLICY, DONDELINGER SAID THE FRENCH HAD STRONG FEELINGS WHICH POOS THOUGHT WERE BECAUSE THIS SUBJECT, UNLIKE OTHER ISSUES, WAS OF INTEREST TO THE MAN IN THE STREET. IN RESPONSE TO CRITICISMS OF THE POSSIBLE COSTS INVOLVED AND THE NEED TO ENSURE THAT ANY MEASURES UNDER IT WERE SUBJECT TO UNANIMITY, DONDELINGER SAID THIS WAS A PURELY POLITICAL ISSUE. MEASURES COULD ALREADY BE TAKEN UNDER ARTICLE 235.

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X) ON EMPLOYMENT, DONDELINGER SAID NO GREAT PASSIONS HAD BEEN AROUSED. SANTER SEEMED TO FAVOUR THE INCLUSION OF SOMETHING WHICH WOULD APPEAR TO GIVE ENCOURAGEMENT TO COOPERATION BETWEEN GOVERNMENTS, EMPLOYERS AND EMPLOYEES. LATER OVER LUNCH THE PRESIDENCY REFERRED TO DANISH INTERNAL POLITICAL CONSIDERATIONS BEHIND THIS PROPOSAL.

XI) ON THE ECJ, DONDELINGER SAID THE DELIBERATIONS OF THE WORKING PARTY APPEARED REASONABLY POSITIVE. RENWICK SAID WE HAD NO OBJECTION IN PRINCIPLE TO THE ECJ'S IDEAS AND PERHAPS A DECISION COULD BE AGREED AND THE TEXT CLEANED-UP, SUBSEQUENT TO THE COUNCIL.

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