

file

CONFIDENTIAL

42474 - 1

OCMIAN 2474
CONFIDENTIAL
OO ATHEN
OO ROMEE
FM FCOLN TO THHAG
101600Z JUN
GRS 1464

CONFIDENTIAL

FM FCO

TO IMMEDIATE THE HAGUE

TELNO 229

OF 101600Z JUNE 86

INFO IMMEDIATE OTHER EUROPEAN COMMUNITY POSTS, UKREP BRUSSELS

INFO ROUTINE UKDEL OECD, WASHINGTON, UKMIS NEW YORK

INFO ROUTINE UKMIS GENEVA

FRAME GENERAL

INFORMAL EC FOREIGN MINISTERS WEEKEND: HEEMSKERK, 8 JUNE

1. THE FOLLOWING IS A SUMMARY OF THE DISCUSSION WHICH TOOK PLACE ON THE FORTHCOMING EUROPEAN COUNCIL.

(A) EC SUBJECTS

2. VAN DEN BROEK SAID HE WANTED TO RUN QUICKLY OVER THE LIST. ANY DOCUMENTS FOR CONSIDERATION AT THE HAGUE WOULD HAVE TO BE MADE AVAILABLE BEFORE THE NEXT FOREIGN AFFAIRS COUNCIL (16-17 JUNE).

3. THE FIRST ITEM WOULD BE THE SOCIO-ECONOMIC SITUATION, INTRODUCED BY DELORS, PRESUMABLY ON THE BASIS OF A TEXT. THE PRESIDENCY WOULD NEED TO TOUCH ON EMPLOYMENT, THE LIBERALISATION OF CAPITAL, AND A NOTE CIRCULATED BY THE PRESIDENCY FOR THE SOCIAL AFFAIRS COUNCIL OF 5 JUNE.

4. SECOND, THE INTERNAL MARKET. THERE WOULD BE A PRESIDENCY SITREP. THE AIM WOULD BE TO ENDORSE THE NEED TO HOLD TO THE

CONFIDENTIAL

42474 - 1

SCHEDULE, AND THE ROLLING PROGRAMME BETWEEN SUCCESSIVE PRESIDENCIES. THERE WOULD BE A SPECIAL FOCUS ON THE BOTTLE-NECKS: EG TRANSPORT AND SERVICES.

5. THIRD, PEOPLE'S EUROPE, WITH THE AIM BEING TO KEEP THINGS MOVING.

6. FOURTH, POLICY PRIORITIES FOR THE YEARS TO COME, SPECIFICALLY IN THE CONTEXT OF FINANCIAL STRINGENCY. FOR DISCUSSION, WITH NO DOCUMENT. THE PRESIDENCY WOULD TRY TO STEER AWAY FROM THE TECHNICAL FINANCIAL MATTERS, WHICH WERE BEST LEFT TO THE BUDGET COUNCIL.

7. FIFTH, AGRICULTURAL MATTERS. THE GREEN PAPER. FOLLOW-UP TO THE OECD AND TOKYO. MAIN LINES RATHER THAN DETAIL. PRESSING NEED TO DISCUSS AGRICULTURAL PROBLEMS ON BROADER BASIS. US AND EC POLICIES BOTH REQUIRED RESTRUCTURING: THE AIM SHOULD BE TO MAKE THE NECESSARY REFORMS MUTUALLY REINFORCING. THE PRESIDENCY WOULD PRODUCE A NOTE IN ADVANCE.

8. SIXTH, POST-CHERNOBYL. CONSIDERATION OF IAEA REPORT FOLLOWING 10-13 JUNE MEETING, AND COMMISSION PAPER.

9. SEVENTH, POCO. PRESIDENCY WOULD PROPOSE HUMAN RIGHTS DECLARATION. PERHAPS SOUTH AFRICA. A STATEMENT ON DRUGS MIGHT BE USEFUL: THE UK PRESIDENCY INTENDED TO HAVE THE SUBJECT DISCUSSED BY A MEETING OF INTERIOR MINISTERS, AND IT MIGHT BE HELPFUL FOR HEADS OF GOVERNMENT TO BEGIN THE DEBATE.

10. DELORS SAID THE COMMISSION HAD PREPARED A SHORT DOCUMENT REVIEWING (A) PROGRESS OVER THE INTERNAL MARKET AND (B) PEOPLE'S EUROPE. TECHNOLOGICAL PROGRESS DEPENDED ON (A). ON (B) THERE WAS NEAR DISASTER. THE EUROPEAN COUNCIL SIMPLY COULD NOT FOLLOW ITS USUAL HABIT OF MAKING BIG DECLARATIONS BUT THEN FAILING COMPLETELY TO FILL IN THE PRACTICAL DETAILS. PROGRESS WAS ALSO NEEDED ON COUNCIL PROCEDURES AND THE POWERS OF THE COMMISSION. ON (B) ABOVE THE ONLY ACHIEVEMENT SO FAR WAS A FLAG. THERE HAD TO BE PROGRESS ON EDUCATIONAL AND CULTURAL PROGRAMMES.

11. ALL TOO OFTEN DISCUSSION AT THE EUROPEAN COUNCIL UNDER THE ECONOMIC AGENDA ITEM WAS TAKEN UP BY LECTURES FROM HEADS OF GOVERNMENT ON THEIR OWN DOMESTIC POLICIES. COULD THEY NOT DISCUSS THE POLICIES NEEDED TO PRODUCE COLLECTIVE GROWTH, AND THE

CONFIDENTIAL

42474 - 1

ROLE OF THE FRG AS LOCOMOTIVE? THESE SUBJECTS WERE ARGUABLY TOO TECHNICAL, AS HAD BEEN SHOWN IN ECOFIN. THERE WAS ALSO NO DISPOSITION TO REACH A COMMON VIEW ON THE LEVEL OF THE OIL PRICE OR THAT OF THE DOLLAR.

12. THE MOST USEFUL TOPICS FOR DISCUSSION WOULD THEREFORE BE (A) SMALL AND MEDIUM SIZED ENTERPRISES, (B) LABOUR MARKET FLEXIBILITY AND (C) THE RISK CAPITAL MARKET. THE COMMISSION WOULD PREPARE A SHORT PAPER ON THESE SUBJECTS.

13. TWO OTHER SUBJECTS NEEDED MORE ATTENTION: MEDITERRANEAN POLICY (MORE FOR THE FAC THAN THE EUROPEAN COUNCIL), AND THE COUNCIL'S INTERNAL RULES (DITTO).

14. A BADLY PREPARED DEBATE ON THE FINANCIAL POSITION WOULD DEGENERATE INTO A CLASH BETWEEN ADVOCATES OF THE CAP AND SUPPORTERS OF THE STRUCTURAL FUNDS, WHICH WOULD SOUR THE GENERAL ATMOSPHERE. THE SUBJECT WOULD BE BEST STUDIED IN SLOWER TIME, ON THE BASIS OF A DOCUMENT ASSESSING THE ROLE OF/BALANCE BETWEEN THE STRUCTURAL FUNDS, AND THE PLANNED DOCUMENT ON EC FINANCE ACROSS THE BOARD (THE RELATIONSHIP POST-FONTAINEBLEAU BETWEEN 1.4 AND 1.6).

15. IN ORDER TO STUDY SPENDING ON AGRICULTURE ONE NEEDED TO LOOK AT US/EC RELATIONS IN THE ROUND.

16. GREATER CLARITY WAS NEEDED ON THE RELATIONSHIP BETWEEN THE EC/COMMISSION AND EUREKA. THE COMMISSION WERE WILLING TO PRODUCE A SHORT PAPER ON THE SUBJECT.

17. VAN DEN BROEK COMMENTED THAT THE PRESIDENCY HAD IN MIND THE NEED FOR A BETTER STRUCTURED ECONOMIC DISCUSSION. HE AGREED MEDITERRANEAN POLICY WAS NOT AN APPROPRIATE SUBJECT FOR THE EUROPEAN COUNCIL. HE HAD SPOKEN TO ORDONEZ (WHO HAD LEFT FOR SPAIN BEFORE THE CLOSE ON 7 JUNE), AND AGREED THAT NO CONCLUSIONS SHOULD BE REACHED BEFORE THE SPANISH ELECTIONS. ORDONEZ WAS WILLING TO ACCEPT THE MATTER BEING TAKEN AS AN 'A' POINT AT THE AGRICULTURE COUNCIL ON 24 JUNE. VAN EERELEN WOULD BE IN MADRID ON 9 JUNE TO PURSUE THAT POINT FURTHER. PROGRESS ON COUNCIL PROCEDURES WAS NOT BEST PURSUED AT HIGH LEVEL: THE PRESIDENCY DID NOT WANT TO PROVOKE DISCUSSION OF EG THE LUXEMBOURG COMPROMISE. FINANCIAL MATTERS SEEMED UNLIKELY TO LEAD TO A VERY SATISFACTORY

CONFIDENTIAL

42474 - 1

DEBATE: THERE WAS A RISK OF A CLEAR SPLIT BETWEEN THOSE FOR AND AGAINST 1.6 PER CENT. THE PRESIDENCY HOPED DISCUSSION WOULD STOP SHORT OF THAT. DID THE IMPORTANT AGRICULTURAL QUESTIONS DESERVE STUDY BY AN EC/US EMINENT PERSONS GROUP? WOULD NOT EUREKA BE MORE SUITABLE FOR THE LONDON EUROPEAN COUNCIL THAN FOR THE HAGUE?

18. ANDREOTTI SAID THE KEY TO A SUCCESSFUL EUROPEAN COUNCIL WAS CONCENTRATION ON A FEW CLEAR ISSUES. COULD THE DEVELOPING FINANCIAL CRUNCH BE IGNORED? WOULD A 0.2 PER CENT INCREASE BE ENOUGH? WHAT SHOULD BE THE FUTURE OF THE CAP (THE USSR WAS THE SOLE BENEFICIARY OF THE PRESENT EC/US STRUGGLE)? THE EC'S FINANCIAL PROBLEMS WOULD SIMPLY GET WORSE UNLESS ALTERNATIVES WERE STUDIED. THE EUREKA/EC CONFLICT NEEDED TO BE RESOLVED, OTHERWISE ANOTHER BLOCKAGE WOULD DEVELOP. PROGRESS WAS ALSO REQUIRED OVER THE COUNCIL'S INTERNAL RULES. THE MAIN PROBLEMS TO BE ADDRESSED WERE AGRICULTURE/GATT, EUREKA/EC, DECISION TAKING AND THE INTERNAL MARKET.

19. VAN DEN BROEK SAID THE PRESIDENCY AND COMMISSION WOULD WORK TOGETHER TO IDENTIFY THE CRUCIAL POINTS FOR DISCUSSION. IT WOULD NOT BE RIGHT TO IMPLEMENT THE DECISION TAKING AGREEMENT AHEAD OF RATIFICATION, BUT QUIET ATTEMPTS COULD BE MADE TO FACILITATE PROGRESS BY MAXIMISING COOPERATION.

20. RAIMOND SAID FRANCE WOULD RATIFY QUITE SOON. HE AGREED THAT A BADLY PREPARED DISCUSSION OF THE BUDGETARY PROBLEM WOULD BE UNHELPFUL. ANY DEBATE ABOUT IT AT THE EUROPEAN COUNCIL SHOULD BE IN A LOW KEY. HE AGREED THAT THE AIM SHOULD BE TO SETTLE THE MEDITERRANEAN PROBLEM AFTER 20 JUNE BUT BEFORE THE EUROPEAN COUNCIL, AND ALSO TO RESOLVE THE EC/US CONFLICT BEFORE HEADS OF GOVERNMENT MET AT THE HAGUE. IT WAS ESSENTIAL THAT CONCLUSIONS ON RETALIATORY MEASURES SHOULD BE AGREED ON 16 JUNE. THE SPANISH VOLET WAS MORE IMPORTANT THAN THE PORTUGUESE.

21. DELORS URGED THE NEED FOR A CLEAR STRATEGY, WITH NO CONFUSION OVER COMPETENCE. IT WOULD BE FATAL TO GIVE THE US AN IMPRESSION OF DISUNITY. ALONG WITH RAIMOND, I STRESSED THE IMPORTANCE OF THE EC REACHING A FIRM POSITION, PREFERABLY AT THE 16/17 JUNE FAC, AND OF TRYING TO GET THE US OFF THE 1 JULY HOOK.

CONFIDENTIAL

CONFIDENTIAL

42474 - 1

22. I SAID THE UK FAVOURED:

- (A) A WELL STRUCTURED, WELL PREPARED DISCUSSION:
- (B) CLEAR PAPERS, SENT IN EARLY:
- (C) A SHORT DISCUSSION ON FINANCE:
- (D) STRESS ON THE INTERNAL MARKET TIMETABLE:
- (E) BRIEF REAFFIRMATION OF IMPORTANCE OF PEOPLE'S EUROPE:
- (F) ECONOMIC SITUATION (ON BASIS OF 3 DELORS POINTS, PLUS UK/ITALIAN/IRISH PAPER ON EMPLOYMENT):
- (G) AGRICULTURE (TO PLAN CAMPAIGN IN GATT, AS WELL AS OTHER FORA):
- (H) LEAVING DECISION TAKING TO FAC.

23. RUHFUS SAID THAT IN GENERAL HE AGREED. DISCUSSION SHOULD FOCUS ESPECIALLY ON 22 (C), (D), (E), (F) AND (G). THE FRG WAS FACING PROBLEMS WITH THE LANDER OVER RATIFICATION, BUT THEY WOULD BE OVERCOME.

24. DELORS SAID THE COMMISSION WOULD PREPARE A SHORT PAPER, FOR CONSIDERATION BY THE FAC, WHICH WOULD BE READY BY 12 JUNE. THE FIRST DRAFT WAS BEING CIRCULATED BEFORE THE END OF THE DAY. RAIMOND SAID HE WAS OPPOSED TO ANY DISCUSSION OF THE CAP BY THE EUROPEAN COUNCIL. I SAID THE AIM WAS NOT TO DISCUSS THE DETAILS OF THE CAP BUT TO GET MORE GENERAL INSIGHTS INTO AGRICULTURAL PROBLEMS ON A GLOBAL SCALE. VAN DEN BROEK AGREED.

(B) POCO SUBJECTS

25. VAN DEN BROEK SAID THERE WOULD BE NO DISCUSSION OF THE MIDDLE EAST, SINCE THERE WAS NO PROSPECT OF A FRUITFUL INITIATIVE. ON SOUTH AFRICA, WE MIGHT KNOW MORE BY THE TIME OF THE FAC, AND SHOULD CONSIDER IN DUE COURSE WHAT NEEDED TO BE DONE. THE PRESIDENCY ALSO FAVOURED A DECLARATION ON HUMAN RIGHTS.

26. RUHFUS SUPPORTED THE UK ON SOUTH AFRICA, AND SUGGESTED HEADS OF GOVERNMENT SHOULD DISCUSS EAST/WEST RELATIONS.

HOWE

FRAME GENERAL
ECO (1)