

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE
NETHERLANDS PRIME MINISTER AT CHEQUERS ON 26 JANUARY AT 1445

Present:

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| Prime Minister | Mr Lubbers |
| Foreign Secretary | Mr van den Broek |
| Mr J W D Margetson | Netherlands Ambassador |
| Mr D Williamson | Dr Posthumus Meyjes |
| Mr C D Powell | Dr Merckelbach |

The Prime Minister proposed a thorough discussion of European Community issues. The Foreign Secretary reported that he and Mr van den Broek had already covered enlargement.

Common Agricultural Policy

The Prime Minister said that Britain was not collecting the milk super levy because the French had made it plain that they would not do so. It now seemed likely that the levy would not be collected at all before the end of March. But if it were not collected then, it would be a grave set back to the efforts undertaken to reform the CAP and restrain surplus production. The Community simply could not afford the costs of failure. It would be up to the Commission to take action, going to the European Court if necessary.

The Prime Minister continued that she was fearful about the prospects for the CAP price fixing following her talks with Chancellor Kohl. It was essential that prices should reflect not only the Community's decisions on budget discipline but also the enormous surpluses in certain products. In particular it was vital to abide by the guarantee threshold arrangements for cereals, which would mean a price reduction of 5%. The Foreign Secretary added that he had seen press reports that Andriessen had put forward proposals within the Commission which went in the right

direction. But the German Agriculture Minister was seeking price increases for cereals and other products and it was uncertain how far Chancellor Kohl would wish or be able to rein him in. The Prime Minister asked how Mr Lubbers thought we ought to tackle this issue. It was essential to honour the agreements reached last year.

Mr Lubbers said that it was first necessary to wait and see what the Commission proposed. He agreed that there was likely to be a particular problem with Germany. He had little confidence that Chancellor Kohl or even Herr Stoltenberg would be on the side of restraint when it came to the crunch. On an earlier occasion he had sent the Netherlands Finance Minister to seek support from Herr Stoltenberg but to no effect. There were likely to be very difficult discussions in the Community. If it was true, as had been suggested, that the French were prepared to take a tough line on cereals prices this would help. The Prime Minister thought it more likely that the French and Germans would come to an arrangement to support price increases in products in which each had an interest. It would be necessary to take a very firm line with the Germans, pointing out that it was no good their saying one thing and doing another. They might also have to be warned privately that they were building up antagonism against Germany in the Community by the way in which they bull-dozed through their own special interests as had been the case on wine and MCAs. Mr Lubbers said that Chancellor Kohl tended to argue that since he was a good European in so many fields, the Community owed him concessions on matters of importance to Germany. The message to Germany must be that there should be zero price increases with no exceptions. He would be in touch with Chancellor Kohl and would let the Prime Minister know the outcome.

Future of the Community

Mr Lubbers asked the Prime Minister's views on progress in the Dooge Committee. The Prime Minister said that the

United Kingdom was not interested in general assertions but in practical results. Our priority was to see completion of the internal market. She was glad to see that Monsieur Delors shared this aim. We were ready to see some formalisation of the arrangements for political cooperation including if absolutely necessary a small secretariat. She had already declared her readiness to support a reduction in the number of Commissioners and of European Councils. It was essential to preserve the Luxembourg compromise. But we were ready to see a requirement to explain the reasons for invoking it. We did not want an extension of majority voting although there was scope for the voting provisions of the Treaty to be implemented more fully. For instance, she had taken up at the Dublin European Council Mr Lubbers' own suggestion that we should not insist on unanimity for the adoption of standards in new technology. Talk of a new Treaty was pointless since the Community had not yet implemented the existing one. The Foreign Secretary added that there was a better chance of making progress by changing the conventions rather than the rules. He had been much impressed by the ability of the French Presidency to generate consensus on priorities and to drive Community business forward, calling for votes where appropriate.

Mr Lubbers said that a basic problem was the ability of individual Ministers to block proposals in particular Councils almost endlessly, even where the European Council appeared to have agreed on something. This had happened, for instance, with the proposals on transport. The longer Ministers dragged their feet the more important they felt. The aim ought to be to make the Community function like a national Cabinet with an obligation to reach decisions. As it was, every meeting of the Council turned into an international negotiating session.

The Prime Minister recalled that individual Ministers were answerable to their national Parliaments. This could often pose a considerable constraint. For instance the British Government had faced problems in getting the British contribution to supplementary finance for the Community for 1984 through Parliament. The Foreign Secretary said that we

hoped that the Dooge Committee would focus on practical issues. He returned to his point that changes in the formal rules of the Community would be more difficult to achieve than changes in conventions. Discussion should focus on how the Community took its decisions in certain areas. It might be agreed that abstentions would be used in limited areas such as new technology. This would require ad hoc agreements not treaty revisions. Enlargement of the Community would make matters worse. The prospect of this ought to compel the existing Community to put its house in order.

Mr van den Broek said that this was a familiar discussion. He could agree easily enough on the need to set priorities and to complete the internal market. The problem was that decisions were just not being taken in the Community. The French Presidency had used voting to good effect but subsequently things had slipped back to normal. Good intentions would not succeed unless there was agreement on new decision-making procedures. The Netherlands had never accepted the Luxembourg compromise. But he could say that they would now be prepared to accept it if it was also accepted that the voting provisions of the Treaty would be applied fully. At the moment it was possible to block discussion in the Community without even invoking a vital national interest. The Commission should be entitled to demand decisions from the Council. The European Parliament might also have a role.

The Prime Minister said that the European Assembly was a deeply unpopular body in Britain which tried to interfere in our internal affairs such as Northern Ireland and the policing of the miners' strike. She was constantly being questioned in Parliament about its more ludicrous proposals such as tattooing of pets. She was not prepared to see the Assembly given greater powers. The Prime Minister continued that she thought that the European Council had an important role in improving decision-taking. It was difficult for a member state to go against its interest in a single subject Council because there was not enough scope for trade-offs. The

Foreign Affairs Council ought to be the place where such trade-offs were made but seemed incapable of playing this role. It thus fell to the European Council. Mr van den Broek returned to his view that there was no need to change the Treaty to secure improved decision-taking: it simply needed to be interpreted in the right way. Where the voting provisions of the Treaty applied they should be used. Vital national interest could be invoked to prevent a vote but there must be some sort of test to justify it. He acknowledged the Prime Minister's point about trade-offs in the European Council. The problem was that even decisions taken there were often subsequently blocked in specialist councils.

Mr van den Broek asked whether the Prime Minister thought that the European Council in June would agree to set up an Inter-Governmental Conference. The Prime Minister was not certain that this would be necessary if the European Council were to reach agreement on practical matters which did not require Treaty amendment. Mr van den Broek said that an Inter-Governmental Conference would be required if it was agreed to make additions to the Treaty, for instance on political cooperation or decision-taking. The Prime Minister said that she had made her view quite clear: there was no need to add to the Treaty only to make use of its existing provisions. Mr van den Broek said that the question went wider and concerned the future stability of Europe. Germany needed a new belief in European cooperation to offset the temptations of neutralism and reunification. A means had to be found to anchor West Germany more firmly in Europe. Mr Lubbers said that the same argument could be used for considering new areas of Community activity such as defence and security. The Prime Minister said that the existing Community served German interests well and she could not accept the argument that a new Treaty was a price that had to be paid to keep Germany anchored in Europe.

Integrated Mediterranean Programmes

The Prime Minister said that she and Mr Lubbers had already discussed this and agreed on the need to try to settle on a figure of 600 m ecu at the March European Council. Mr van den Broek was sceptical whether a settlement could be achieved without a much more substantial sum and thought that Greece would carry through its threat to block enlargement. The Prime Minister doubted this. Mr Lubbers said that there were reports that M. Delors would bring forward new and more reasonable proposals.

European Space Agency

Mr Lubbers asked whether there were specific problems in this field which ought to be discussed. The Prime Minister said that we had not yet taken a decision on the scale of our participation in the Columbus project. The Prime Minister commented that she was concerned by a tendency in the Community to come forward with ideas for cooperation on a European basis simply to satisfy a particular country's wish for an institution. ISPRA was the worst example.

International Economic Questions

In reply to Mr Lubbers' question, the Prime Minister said that the broad macro-economic strategy which had been confirmed by the London Economic Summit should continue to be pursued. But there was a case for focussing more closely on micro-economic issues, for instance deregulation. Overcoming such problems could have a significant impact on prosperity. It was also necessary to face up to the economic consequences of the uncontrolled growth of social security expenditure. The Prime Minister continued that the Commission had produced a good economic report for the Dublin Summit though unfortunately there had been little time to discuss it. Mr Lubbers agreed with the Prime Minister's analysis.

Bilateral Matters

The Prime Minister urged Mr Lubbers to give serious consideration to the purchase of Vertical Launch Sea Wolf. Dutch purchase of Sea Wolf and further UK orders of Goalkeeper could be made into an attractive package. Mr Lubbers took note.

The meeting ended at 1620.

C.D.P.

26 January 1985