

PP ATHENS

PP BRUSSELS

PP COPENHAGEN

PP DUBLIN

PP THE HAGUE

PP LUXEMBOURG

PP PARIS

PP ROME

RR TFC RELAY

GRS 398

CONFIDENTIAL

DESKBY 151345Z

FM BONN 151305Z JUN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 605 OF 15 JUNE

INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY ATHENS BRUSSELS COPENHAGEN DUBLIN THE HAGUE

LUXEMBOURG PARIS ROME

STUTTGART EUROPEAN COUNCIL

SUMMARY

1. KOHL NEEDS SUCCESS AT STUTTGART. WHAT ADVANTAGE CAN WE DRAW FROM THIS?

DETAIL

2. BOTH HIS PERSONAL COMMITMENT TO EUROPE AND THE NEED TO BRING THE GERMAN PRESIDENCY TO A DECENT CLOSE MAKE A SUCCESSFUL MEETING AT STUTTGART IMPORTANT FOR CHANCELLOR KOHL. HE WILL ALSO BE ANXIOUS TO AVOID A DISPLAY OF WESTERN DISSENSION SO SOON AFTER WILLIAMSBURG AND SHORTLY BEFORE HIS VISIT TO MOSCOW ON 4 JULY. WHATEVER MODEST PROGRESS CAN BE HOPED FOR ON OTHER MATTERS (SEE MY TELNO 594), THE KEY TO THE COUNCIL'S SUCCESS OR FAILURE WILL BE THE DISCUSSION OF THE BUDGETARY ISSUES. WHILE THE PRESIDENCY'S DRAFT PAPER ON THE FINANCIAL RESOURCES AND RELATED PROBLEMS HAS NOT YET BEEN

ADVANCE COPY

(+12)



PS
PS / Mr Rifkin
PS / PUS
Sir J Bullard
Mr Hayes
Mr James
Hel / (E) (1)
(WED)

Nº 10 JS
Munich Cabinet Office / Planning Staff

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FINANCIAL RESOURCES AND RELATED PROBLEMS WAS NOT SATISFACTORY, THERE IS STILL MUCH GROUND FOR MAKING COMMON CAUSE WITH THE GERMANS. OUR AIM AT STUTTGART SHOULD BE TO COLLABORATE WITH THEM, AND ISOLATE THE FRENCH AND ITALIANS IN THEIR INTRANSIGENCE.

3. ON THE INTERIM SOLUTION THE GERMANS WILL CONTINUE TO INSIST THAT THE MARCH EUROPEAN COUNCIL UNDERTOOK TO INSCRIBE FIGURES IN THE DRAFT BUDGET FOR 1984 (WE IN JULY), AND THAT THIS MUST BE DONE. KOHL WILL BE READY TO DISCUSS A FRAMEWORK, BUT NOT TO NEGOTIATE FIGURES AT STUTTGART. THE GERMANS SAY THAT A SERIOUS DISCUSSION OF FUTURE FINANCING, AND AN QUOTE OPENING UNQUOTE ON NEW OWN RESOURCES (SUCH AS THEY HAVE RELUCTANTLY DECIDED TO ACCEPT) WILL BE NECESSARY IF WE ARE TO UNBLOCK DISCUSSION OF 1983. WHILE WE SHOULD LEAVE THE GERMANS IN NO DOUBT OF HOW UNWELCOME THEIR ACQUIESCENCE IN LINKAGE IS TO US, I RECOMMEND THAT WE SHOULD BUILD AS CONSTRUCTIVELY AS POSSIBLE AT STUTTGART ON THE CLOSE IDENTITY OF VIEW BETWEEN US ON FUTURE FINANCING (THE SAFETY NET, THE NEED FOR SAVINGS, REFORM OF CAP), MAINTAINING A RESERVE ON THE OWN RESOURCES QUESTION IF NO FORM OF WORDS CAN BE FOUND ON WHICH WE CAN AGREE (MY TELNO 603). IF, DESPITE OUR BEST EFFORTS TO STRENGTHEN THE GERMANS' ARM, WE DO NOT GET AGREEMENT ON FIGURES FOR 1983 AT STUTTGART, WE MUST MAKE QUITE CLEAR OUR SENSE OF BETRAYAL THAT THE COMMUNITY HAS ONCE MORE FAILED TO LIVE UP TO ITS UNDERTAKINGS TO US. I HOPE HOWEVER THAT WE CAN DEFER A MAJOR ROW, OR WITHHOLDING ACTION, UNTIL A FIRST ATTEMPT HAS BEEN MADE TO INSERT FIGURES IN THE 1984 BUDGET. THE GERMANS, WHOSE SUPPORT WE NEED AND CAN HOPE TO GET IN NEGOTIATING LONG-TERM REFORMS, SHOULD BE GIVEN NO EXCUSE TO RETIRE TO THEIR TENTS CLAIMING THAT THE BRITISH WERE THE CAUSE OF STUTTGART'S FAILURE.

TAYLOR

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SENT AT 151342Z KBG