

# CONFIDENTIAL

GRS 840  
CONFIDENTIAL  
DESKBY 210730Z  
FRAME GENERAL  
FM BONN 201710Z JUN 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 620 OF 20 JUNE  
INFO IMMEDIATE ROME, UKREP BRUSSELS  
INFO ROUTINE ATHENS, EMBASSY BRUSSELS, COPENHAGEN, DUBLIN,  
LUXEMBOURG, PARIS, THE HAGUE.

## RUN UP TO MILAN

### SUMMARY

1. GERMAN LINE STILL UNDECIDED: DIVERGENCIES BETWEEN CHANCELLERY AND AUSWAERTIGES AMT: LATTER STICKING TO FULLEST POSSIBLE IMPLEMENTATION OF DOOGE, FORMER APPARENTLY MORE PRAGMATIC. APPRECIATION OF BRITISH IDEAS, BUT GERMANS WANT TO 'GO FURTHER'. FDP MINISTERS (AUSWAERTIGES AMT AND ECONOMY) HAVE YET TO COME TO TERMS WITH KIECHLE'S VETO. CABINET SUB-COMMITTEE ON EUROPE MEETING TOMORROW TO DECIDE FRG LINE FOR MILAN.

### DETAIL

2. THIS WEEK I HAVE SEEN BANGEMANN AND RUHFUS AND WE HAVE SPOKEN TO OFFICIALS FROM OTHER MINISTRIES AND THE FEDERAL CHANCELLERY. WE HAVE SET OUT THE BRITISH POSITION AT LENGTH AND IN DETAIL ORALLY AND IN WRITING. THE CABINET COMMITTEE ON EUROPE WILL MEET TOMORROW TO TRY TO WORK OUT A LINE FOR MILAN. AT THE MOMENT OPINIONS ARE DIVIDED.

3. IT SEEMS THAT NEITHER GENSCHER NOR BANGEMANN (BOTH FDP) HAVE YET COME TERMS WITH KIECHLE'S VETO. BOTH ARE RELUCTANT TO DEPART FROM DOOGE AND THEIR COMMITMENT TO THE TRADITIONAL GOAL OF EUROPEAN UNION, NON-ACCEPTANCE OF THE LUXEMBOURG COMPROMISE AND ALL THAT THESE NOTIONS ENTAIL. BANGEMANN SAID HE WOULD PREFER THE PRESENT SITUATION TO OUR IDEA OF A MILAN ACCORD WHICH WOULD RESULT IN THE USE OF THE VETO BECOMING MORE DIFFICULT BUT MORE CODIFIED. I SUSPECT THAT KOHL AND OTHER MEMBERS OF THE CABINET ARE PREPARED TO BE MORE PRAGMATIC.

4. BANGEMANN WAS CLEARLY VERY DOWNCAST. HE SAW LITTLE PROSPECT OF ANYTHING WORTHWHILE BEING ACHIEVED AT MILAN. HE GAVE THE IMPRESSION

CONFIDENTIAL

10/1



## CONFIDENTIAL

OF A MAN CONFRONTED WITH THE DESTRUCTION OF HIS IDEALS. HIS FRUSTRATION TOOK THE FORM OF A STRONGLY NATIONALIST APPROACH TO MATTERS SUCH AS FREEDOM OF SERVICES: THE GERMANS WOULD DEFEND THEIR INTERESTS, HE SAID. BUT BANGEMANN IS VOLATILE.

5. I ASKED RUHFUS TODAY TO BRIEF ME ON THE GERMAN APPROACH TO MILAN. HE REFERRED ME TO A RECENT ARTICLE OF GENSCHER'S (MY TELEGRAM NUMBER 610) AND TO THE CHANCELLOR'S REPLY TO THE PRIME MINISTER BEING TRANSMITTED VIA THE GERMAN EMBASSY. RUHFUS SAID THE FEDERAL GOVERNMENT REGARDED THE IDEAS OUTLINED TO HIM AT CHEQUERS LAST MONTH AS BEING OF GREAT VALUE. THEY WERE PARTICULARLY APPRECIATIVE OF THE PRIME MINISTER'S HAVING, AT SUCH AN EARLY STAGE, MADE THE FEDERAL CHANCELLOR PRIVY TO HER VIEWS. THESE COINCIDED IN LARGE MEASURE WITH HIS OWN: THE GERMANS HAD SOME ADDITIONAL POINTS, WHICH WERE OUTLINED IN THE CHANCELLOR'S REPLY.

6. RUNNING RAPIDLY OVER THE AGENDA FOR MILAN, RUHFUS SAID THAT THE POSITIONS HE HAD TAKEN IN THE DOOGE COMMITTEE HAD BEEN ENDORSED BY THE FEDERAL CABINET. THE GERMAN AIM WAS TO REALISE AS MUCH OF DOOGE AS POSSIBLE. ON THE INTERNAL MARKET, THE GERMANS GREATLY WELCOMED THE COMMISSIONS PROPOSALS. BUT THEY WOULD HAVE DIFFICULTY WITH THE TIMETABLE AS FAR AS TRANSPORT AND INSURANCE WENT. (BANGEMANN HAD STRESSED THE IMPORTANCE OF TAX HARMONISATION, AND BOTH HE AND THIELE COMPLAINED THAT THE COMMISSION'S PAPER DID NOT GIVE TO FREE CAPITAL MOVEMENT THE IMPORTANCE IT HAD FOR THE INTERNAL MARKET). PROGRESS ON TECHNOLOGY AS DOOGE RECOGNISED, WAS VITAL. THE GERMAN PRIORITIES WERE FREER MARKETS, PROGRESS ON STANDARDS AND ON THE EFFECTIVE LIBERATION OF PUBLIC TENDERING. ON EUREKA, THE GERMANS WANTED TO AVOID IMPOSING A HEAVY COMMUNITY BUREAUCRACY UPON IT BUT REGARDED A LINK WITH THE COMMUNITY AS NEVERTHELESS VITAL. RIESENHUBER AND CURIEN HAD MET RECENTLY TO IDENTIFY PROJECTS. THERE HAD ALSO BEEN CONTACT BETWEEN SIEMENS AND BULL. WHETHER PROJECTS COULD BE IDENTIFIED BEFORE MILAN WAS NOT CERTAIN. ON INSTITUTIONAL QUESTIONS, NOTWITHSTANDING THE KIECHLE VETO, THE FEDERAL GOVERNMENT POSITION WAS TO RETURN TO THE TREATIES (MAJORITY VOTING, NO RECOGNITION OF THE VETO). ON POWERS OF THE EUROPEAN PARLIAMENT, THE GERMANS HAD SOME IDEAS. AS FAR AS THE BUDGET AND EXISTING REGULATIONS WERE CONCERNED, PROCEDURES SHOULD REMAIN AS THEY WERE, BUT WHERE NEW LEGISLATION WAS CONCERNED (POSSIBLY AREAS UNDER ARTICLE 100), THE PARLIAMENT COULD BE GIVEN THE RIGHT TO COMMENT ON COMMISSION PROPOSALS BEFORE THEY WERE SUBMITTED TO THE COUNCIL, WHICH WOULD HOWEVER RETAIN THE LAST WORD. IN CERTAIN LIMITED AREAS EG ASSOCIATION ENLARGEMENT THE PARLIAMENT SHOULD BE GIVEN A GENUINE

CONFIDENTIAL

RIGH

[mostly  
more  
power  
for the  
Assembly]



# CONFIDENTIAL

RIGHT OF CO-DECISION. TOMMORROWS CABINET COMMITTEE WOULD AIM TO DECIDE ON THESE IDEAS.

7. I TOLD RUHFUS THAT THERE WAS EVIDENTLY A LOT OF COMMON GROUND HERE, BUT NOT ON THE EUROPEAN PARLIAMENT: WE WANTED TO SEE IT INCREASE ITS INFLUENCE USING THE POWERS IT HAD ALREADY.

8. AT THE CHANCELLERY, THIELE CONFIRMED WHAT RUHFUS HAD TO SAY ABOUT POWERS FOR THE PARLIAMENT. BUT HIS LINE ON DECISION TAKING WAS DIFFERENT. HE RECOGNISED, AND HINTED THAT THE CHANCELLOR DID TOO, THAT NO MAJORITY COULD BE ASSEMBLED FOR A SIMPLE RETURN TO THE TREATIES, THAT THE VETO WAS A FACT OF LIFE, AND THAT THERE WAS A RISK OF TWO CAMPS EMERGING IN MILAN WHICH WOULD PREVENT PROGRESS. WHILE THE GERMANS WANTED TO INCREASE THE NUMBER OF ARTICLES SUBJECT TO MAJORITY VOTING, THIELE SEEMED TO ACCEPT THAT GETTING THE NECESSARY UNANIMITY TO MAKE CORRESPONDING CHANGES TO THE TREATY WAS HIGHLY PROBLEMATIC. AGAINST THIS BACKGROUND HE SEEMED DISPOSED TO THINK THAT SOMETHING LIKE A MILAN ACCORD (AS SUCCESSOR TO THE LUXEMBOURG COMPROMISE) MIGHT BE WORTH HAVING. BUT HE MADE CLEAR THAT RECOGNITION OF THE VETO REMAINED VERY DIFFICULT FOR THE GERMANS AND ITS PUBLIC PRESENTATION EVEN MORE SO.

FCO PLEASE ADVANCE TO  
CAB OFF. - WILLIAMSON, JAY.  
FCO - BRAITHWAITE, RENWICK, FAIRWEATHER, SHEPHERD  
HM TSY - FITCHEW  
MAFF - ANDREWS

BULLARD  
FRAME GENERAL  
ECD(I)

(ADVANCED AS REQUESTED)

COPIES TO:  
ADVANCE ADDRESSEES

<sup>3</sup>  
CONFIDENTIAL