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MY TELNO 620: RUN UP TO MILAN: THE GERMAN APPROACH

1. WE HAD THE FOLLOWING ACCOUNT THIS AFTERNOON FROM TRUMPF (AUSWAERTIGES AMT) OF THIS MORNING'S MEETING OF THE CABINET SUB-COMMITTEE ON EUROPE CHAIRED BY KOHL.

2. GENERAL

TRUMPF SAID THAT MILAN WOULD NOT FAIL BECAUSE OF THE GERMANS. THE GERMAN LINE WAS TO SEE AS MUCH OF DOOGUE IMPLEMENTED AS POSSIBLE, EXCEPTING, OF COURSE, THE THREE GERMAN RESERVES. BUT THE CABINET HAD RECOGNISED THAT THIS OBJECTIVE WAS LIKELY TO BE TOO AMBITIOUS. KOHL HAD REPORTED THAT THE MOOD AMONG THE REPRESENTATIVES OF THE EUROPEAN CHRISTIAN DEMOCRAT PARTIES MEETING IN ROME HAD BEEN RATHER DOWNBEAT AND THAT THEY WERE SCEPTICAL ABOUT AN INTERGOVERNMENTAL CONFERENCE. NEVERTHELESS, KOHL WANTED THE 'EUROPEAN FLAG' TO BE RAISED HIGH AT MILAN.

3. DECISION TAKING.

TRUMPF SAID THAT THE FIRST GERMAN POSITION WAS TO RETURN FULLY TO THE TREATIES. BUT, IF ALL WERE NOT PREPARED TO FOREGO THE VETO, THE GERMANS COULD ACCEPT THAT. EVEN IF AGREEMENT WAS REACHED ON MAKING ACCESS TO THE VETO MORE DIFFICULT, THE GERMANS WOULD NOT ASSOCIATE THEMSELVES WITH IT, SINCE IN SO DOING THEY WOULD BE LEGITIMISING THE VETO. THIS WOULD NOT, HOWEVER, MEAN THAT THE GERMANS WOULD FOREGO FOR EVER AND A DAY USING THE VETO THEMSELVES.

4. SPEAKING PERSONALLY, TRUMPF SAID HE WAS DOUBTFUL WHETHER IT WOULD BE POSSIBLE IN MILAN TO REACH AGREEMENT ON SOMETHING LIKE A 'MILAN ACCORD'. THE FRENCH HAD THOUGHTS ON DECISION TAKING WHICH DID NOT COINCIDE EXACTLY WITH OURS, AND HE THOUGHT OTHERS WERE BUSY TOO. AN IDEA THAT THE GERMANS HAD IN PLAY WAS THAT THE VETO SHOULD ONLY BE EMPLOYED BY A HEAD OF GOVERNMENT WRITING TO THE PRESIDENT OF THE COMMISSION, WHO WOULD THEN ORGANISE A DISCUSSION IN THE GENERAL COUNCIL, WHICH MIGHT ULTIMATELY HAVE TO APPEAL TO THE EUROPEAN COUNCIL. ALTHOUGH TRUMPF QUALIFIED FRENCH ACTIVITY AS BEING IN A 'STADE DE REFLEXION' AND WOULD NOT CONFIRM THAT THE GERMAN IDEA HE HAD MENTIONED WOULD BE TABLED, HIS OWN GUESS WAS THAT THERE WAS A RISK THAT WITH SO MANY POTENTIAL PROPOSALS IN THE AIR, THERE MIGHT NOT BE TIME AT MILAN TO TAKE A CLEAR DECISION.

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5. PARLIAMENT

TRUMPF SAID THAT KOHL'S CONTACTS WITH HIS COLLEAGUES OF THE EUROPEAN CHRISTIAN DEMOCRAT PARTIES IN ROME HAD CONFIRMED HIM IN HIS VIEW THAT MORE POWERS SHOULD BE GIVEN TO THE EUROPEAN PARLIAMENT. THE GERMAN IDEAS WERE THOSE THAT RUHFUS GAVE ME YESTERDAY (MY TUR). HE ALSO REFERRED TO HIS CONVERSATION WITH SIR M BUTLER IN LUXEMBOURG ON 19 JUNE. WE WARNED TRUMPF THAT WE WOULD NOT ACCEPT A TREATY CHANGE IN FAVOUR OF THE PARLIAMENT.

6. POCO

TRUMPF SAID THAT THE GERMANS WANTED BINDING ARRANGEMENTS FOR POLITICAL AND SECURITY COOPERATION (A TREATY) AND THAT DOOGE WAS THE LEAST THAT THEY WOULD BE SATISFIED WITH. BUT HE ADDED THAT THE CHANCELLOR HAD NOT BEEN UNINFLUENCED BY THE EVIDENT RESERVE, AMONG BENELUX REPRESENTATIVES IN ROME, TOWARDS THE PROPOSAL FOR A SECRETARY GENERAL.

7. INTERNAL MARKET.

THE GERMANS WANTED TO MAKE RAPID PROGRESS. HOWEVER, THE TIMETABLE WAS TOO SHORT (1992), PARTICULARLY FOR TAX HARMONISATION. (COMMENT: BOTH AT THE ECONOMICS MINISTRY AND AT THE FEDERAL CHANCELLERY WE HAVE ALSO HAD THE DIFFICULTIES ABOUT ACHIEVING TAX HARMONISATION WITHOUT TIME FRAME STRESSED TO US. THE CHANCELLERY'S ADDITIONAL GLOSS IS THAT PROGRESS MUST BE MADE ON ALL FRONTS AND THAT MEMBER STATES MUST NOT BE ALLOWED TO PICK AND CHOOSE FROM THE COMMISSION'S MENU.) TRUMPF ADDED THAT THE GERMANS WERE DISAPPOINTED THAT THE COMMISSION'S PROPOSALS HAD COME TOO LATE TO ALLOW PROPER PREPARATION BEFORE MILAN. THEY WERE RELUCTANT TO GIVE ANY GLOBAL AGREEMENT TO WHAT THE COMMISSION WERE PROPOSING SINCE THEY FEARED THAT THE COMMISSION WOULD HAVE TOO MUCH FREEDOM OF MANOEUVRE, WHICH WOULD SUBSEQUENTLY HAVE TO BE CLAWED BACK. HE REFERRED TO THE DIFFICULTIES WITH THE COMMISSION ON IMP'S THAT HAD FOLLOWED THE EUROPEAN COUNCIL'S DECISION. BUT THE GERMANS WOULD AGREE TO THE ESTABLISHMENT OF A HIGH LEVEL GROUP ON THE INTERNAL MARKET. THE CABINET WOULD DISCUSS THE QUESTION AGAIN IN SEPTEMBER.

8. TECHNOLOGY.

THE GERMANS WANTED TO SEE THE RAPID REALISATION OF WHAT DOOGE PROPOSED, AND WERE READY TO COOPERATE ON EUREKA. THEIR PRIORITIES WERE: AN AGREED STRATEGY, CONCRETE PROJECTS, AN AGREED STRUCTURE, AGREEMENT ON FINANCING. HE DOUBTED, HOWEVER, THAT THERE WOULD BE TIME BEFORE MILAN TO IDENTIFY CONCRETE PROJECTS. THE BULL/SIEMENS TALKS WERE PROMISING BUT HAD STILL SOME WAY TO GO. THE GERMANS WERE AGAINST HAVING EUREKA TOO CLOSELY LINKED TO THE COMMUNITY: EUROPE WAS MORE THAN THE COMMUNITY. TRUMPF ALSO SAID THAT THE GERMANS DID NOT REGARD EUREKA AS EXCLUSIVELY CIVIL. THERE COULD ALSO BE A MILITARY COMPONENT. IN THIS CONTEXT HE MENTIONED THE EUROPEAN FIGHTER AIRCRAFT (EFA) FROM WHICH SUBSTANTIAL CIVIL SPIN-OFF COULD BE EXPECTED.

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9. IN A SHORT SEPARATE CONVERSATION WITH ME, RUHFUS ADDED THE FOLLOWING TOUCHES:

A) DECISION TAKING: IF OTHERS WANTED TO LIMIT THE APPLICATION OF THE LUXEMBOURG COMPROMISE, THE FRG WOULD NOT STAND IN THEIR WAY.

B) PARLIAMENT: THE GERMANS WERE THINKING OF CIRCULATING ON PAPER, IN ADVANCE OF MILAN, THEIR IDEAS AS DESCRIBED TO ME YESTERDAY (MY TUR)

C) THE COMMISSION'S PROPOSALS WERE MUCH TOO WEAK ON LIBERALISING CAPITAL MOVEMENTS.

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