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TO IMMEDIATE FCO

TELEGRAM NUMBER 687 OF 04 JULY

INFO ROUTINE UKREP BRUSSELS, ATHENS, EMBASSY BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, PARIS, ROME, THE HAGUE.

MILAN EUROPEAN COUNCIL: KOHL'S PRESS CONFERENCE 4 JULY

SUMMARY

1. KOHL SAID THAT HE EXPECTED TO WORK CLOSELY WITH BRITAIN ON A TREATY ON FOREIGN AND SECURITY POLICY, BUT FOUND CRITICISM OF THE FRANCO-GERMAN INITIATIVE BEFORE MILAN UNHELPFUL. HE DEFENDED HIMSELF AGAINST THE PRIME MINISTER'S CRITICISM OF THE GERMAN AGRICULTURAL VETO. HE ADVOCATED MORE RIGHTS FOR THE PARLIAMENT, AND EVENTUALLY A FEDERAL EUROPE.

2. KOHL CALLED A PRESS CONFERENCE TODAY ON THE MILAN EUROPEAN COUNCIL. IN A PREPARED STATEMENT HE SAID THAT MILAN HAD BROUGHT A WELCOME CLARIFICATION OF THE POLITICAL PERSPECTIVES OF THE COMMUNITY. IT HAD BEEN AN HOUR OF TRUTH. AGREEMENT HAD BEEN REACHED ON THE INTERNAL MARKET AND ON EUREKA (''THE PRODUCT OF CLOSE FRANCO-GERMAN COORDINATION BEFORE MILAN''), AND THAT A TREATY SHOULD BE DRAWN UP ON A COMMON FOREIGN AND SECURITY POLICY.

3. ON THE LATTER KOHL SAID: ''IT IS TIME THAT THE PROCEDURAL DECISION TO CALL AN INTERGOVERNMENTAL CONFERENCE - WHICH WILL NOT ONLY NEGOTIATE THIS TREATY BUT ALSO DEAL WITH THE PROPOSALS FOR INSTITUTIONAL REFORM CURRENTLY ON THE TABLE - WAS TAKEN BY MAJORITY VOTE AND NOT UNANIMITY. BUT I AM CERTAIN THAT WE ARE NOT FAR APART IN THE QUESTION OF A TREATY ON FOREIGN POLICY AND SECURITY COOPERATION. THAT IS ABOVE ALL TRUE FOR GREAT BRITAIN - I SAY THIS EVEN AFTER THE FLURRY WHICH AROSE AFTER THE PRESENTATION OF THE FRANCO-GERMAN DRAFT. OF COURSE WE ARE READY FOR CLOSE COOPERATION IN THIS QUESTION WITH GREAT BRITAIN TOO, AND I CONSIDER CRITICISM AND COUNTERCRITICISM ACROSS THE ENGLISH CHANNEL AS UNHELPFUL. BESIDES I HAD EXPLICITLY WELCOMED THE BRITISH DRAFT IN A LETTER TO MRS THATCHER BEFORE THE MILAN SUMMIT, BUT AT THE SAME TIME SAID THAT WE WERE CONSIDERING HOW WE COULD ENRICH THE BRITISH IDEAS. WITH THE FRANCO-GERMAN DRAFT WE MAPPED THE WAY AHEAD IN A QUESTION WHICH IS FUNDAMENTAL FOR THE IDENTITY OF THE COMMUNITY. SO ANYONE WHO CLAIMS THAT THE JOINT INITIATIVE OF FRANCE AND GERMANY HAS DAMAGED THE COMMUNITY IS QUITE WRONG. WE SHALL REMAIN AT THE LEADING EDGE OF THOSE WHO WANT TO TAKE EUROPE FORWARD. I KNOW THAT I AM AT ONE WITH PRESIDENT MITTERRAND IN THIS.''

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4. KOHL WENT ON TO SAY THAT THE DISCUSSION ON INSTITUTIONAL REFORM WOULD BE HARD, BUT THE COMMUNITY COULD NOT STICK AT THE STATUS QUO. TO PAPANDREOU HE WOULD SAY THAT IT WAS QUITE UNACCEPTABLE FOR THE COMMUNITY TO BE NO MORE THAN A REDISTRIBUTIVE APPARATUS. AND THOSE WHO, LIKE THE GERMANS, WANTED THE RAPID COMPLETION OF THE INTERNAL MARKET SHOULD ASK THEMSELVES IF THEY REALLY BELIEVED THAT THE NECESSARY DECISIONS IN THIS COMPLEX FIELD COULD BE REACHED BY UNANIMITY.

5. IN ANSWER TO QUESTIONS KOHL SAID THAT HE KNEW NOTHING OF BAD RELATIONS WITH BRITAIN. GERMANY AND FRANCE HAD MADE A PROPOSAL. THE HOUR OF TRUTH HAD STRUCK AT MILAN. HE COULD NOT ACCEPT THAT EUROPE SHOULD DEGENERATE INTO AN ELEVATED FREE TRADE ZONE. THE POLITICAL DISCUSSION MUST BE PURSUED. HE HAD OF COURSE NOT EXPECTED BROAD AGREEMENT AT MILAN, AND THE APPROACH OF THE DANES AND THE GREEKS HAD NOT SURPRISED HIM. BUT PUSHING MONEY HERE AND THERE AND FINANCING AGRICULTURAL SURPLUSES WAS NOT HIS IDEA OF THE COMMUNITY. THE PARLIAMENT MUST ALSO HAVE MORE RIGHTS. THAT WAS ONLY POSSIBLE WITH A TREATY AMENDMENT. ASKED WHETHER THE PRIME MINISTER HAD NOT ALSO MADE PROPOSALS, KOHL REPLIED THAT SHE HAD NOT SAID WHAT SHE THOUGHT SHOULD BE DONE TO GIVE THE PARLIAMENT MORE RIGHTS.

6. ASKED IN A FURTHER QUESTION HOW HE REACTED TO THE PRIME MINISTER'S CHARGE OF HYPOCRISY OVER THE PRICE-FIXING, KOHL REPLIED THAT IF SHE HAD INDEED MADE THAT CHARGE, HE REGRETTED THAT SHE HAD NOT MADE IT DIRECTLY IN MILAN. HE COULD NOT UNDERSTAND IT. THE LINE WHICH THE FEDERAL GOVERNMENT HAD TAKEN IN THE AGRICULTURAL COUNCIL WAS NECESSARY FOR THE GERMAN FARMERS. WHAT GERMANY HAD DONE WAS POSSIBLE UNDER EC LAW (LITERALLY 'UNDER THE EC TREATY') AT THE TIME IN QUESTION. IN ANY CASE THE BRITISH HAD AVAILED THEMSELVES OF THE RIGHT OF VETO AS A MATTER OF COURSE IN THE PAST.

7. ASKED ABOUT EUROPEAN UNION, KOHL SAID THAT THE MAJORITY VOTE FOR AN INTERGOVERNMENTAL CONFERENCE OPENED UP A PERSPECTIVE WHICH HAD BEEN ABSENT FOR 20 YEARS. HE AND MITTERRAND WERE THE MOTORS. NO ONE COULD SAY AT PRESENT WHAT EUROPEAN UNION WOULD LOOK LIKE. BUT THE MISSION OF THE FOUNDING FATHERS HAD BEEN SLOWLY TO DISMANTLE NATIONAL SOVEREIGNTY. HE COULD ENVISAGE A FUTURE MODEL ON THE PATTERN OF THE FEDERAL REPUBLIC AND ITS LAENDER. THE DECISION-MAKING MECHANISMS MUST BE DEVELOPED THROUGH A SMALL SECRETARIAT. AT THE END A EUROPEAN FEDERAL STATE COULD ARISE. IF THAT DID NOT HAPPEN DEVELOPMENTS IN EUROPE WOULD OUTGROW THEMSELVES (SIC) IN 20 TO 30 YEARS.

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