



Foreign and Commonwealth Office

London SW1A 2AH

5 July 1985

Sir Julian Bullard KCMG

BONN

Dear Julian,

17/0011/10

MWG 011/10	
RECEIVED	
11 JUL 1985	
INDEXED	FILED
✓	RW

MILAN

1. To supplement the very clear account of the proceedings in Michael Butler's telegram (UKDEL Milan Telno 4 to FCO) I should let you and others have some account of the atmospherics at and just before the European Council.
2. As you know, the Prime Minister went to Milan with a determination to try to achieve something positive at that meeting. Neither she nor we had any illusions that others would simply sign up on the British proposals: attempts to damp down UK press euphoria that they would were made throughout the week before the meeting. Nevertheless those proposals did offer a good chance of a positive achievement at Milan and we hoped to get some of them adopted. In addition we suspected that we were likely to have to agree to the Permanent Representatives or some other body being asked to look into three or four of the Treaty articles bearing on the internal market - though that was a fall-back position not explicitly agreed by Ministers before Milan.
3. On the eve of the meeting we had Kohl's statement to the Bundestag and the Franco-German draft on 'European Union'. This, on examination turned out to be our draft on political cooperation with a page concerning European Union added on the front, and a change of title. The French and Germans succeeded in improving Article 8 in a way in which it rendered it possible for Ireland to participate. On the other hand the French weakened the commitment in Article 5 not to vote directly against each other in the United Nations; and the draft introduced the idea of a Secretary-General for the European Council.
4. The Prime Minister naturally found this a pretty ludicrous manoeuvre and found it extraordinary that her own text should be served up to her, without consultation, as a last minute surprise in a different form. Nevertheless since the text was virtually the same as our own, she was prepared to accept the Franco-German document subject to the Secretary-General being downgraded to head of a small political secretariat, some re-strengthening of Article 5 and a final decision about the title (for your private information, she did not exclude agreeing to the title provided the content was satisfactory).

/5.



5. The Franco-German manoeuvre annoyed the Benelux and made them more determined to press for a 'genuine' European union and treaty amendment. Nevertheless the discussion throughout the first day was pretty rational. The Prime Minister made what was generally acknowledged to be a positive statement setting out our proposals. Andreotti, however, was making it clear throughout the day that he would rather have no agreement than what he regarded as an inadequate agreement, falling short of the promises made in his speech to the European Parliament (to whom he presented not a Presidency, but the Italian position). Nevertheless at the end of the discussion between the Foreign Ministers after dinner on Friday 28 June, the Secretary of State felt that there was a majority in favour of adoption of proposals on the lines we had put forward with only Andreotti and the Belgian (Keersmaeker) strongly dissenting. Andreotti said that he was not prepared to put forward 'weaker' conclusions: someone else would have to do that.

6. When the discussion resumed between Foreign Ministers at 9am on Saturday the atmosphere had changed. This was because Genscher had dictated a memorandum calling for European union, a conference to discuss Treaty amendment, etc. This gave Andreotti a new lease of life and reinforced his determination and ability to work not for agreement, but clear disagreement between those who favoured a conference and (unspecified) treaty amendment, and those who did not. There had been suggestions before the meeting and indeed during the discussions on the first day that Craxi would adopt a more cautious approach and start to play a Presidency rather than an Italian role. This never happened.

7. When the meeting resumed at heads of government level, the discussion became heated. Andreotti proceeded to propose that the European Council should vote under Article 236 of the Treaty to hold a conference for the express purpose of amending the Treaty. This the Prime Minister was not prepared to accept; and neither of course were the Greeks and Danes. She objected very strongly to the European Council being asked for the first time in its history to hold a vote; and to the role the Presidency was playing. In a bilateral exchange during a break in the meeting Kohl, who on the previous day had appeared still to hope that agreement might be reached on the basis of the Franco-German text, told the Prime Minister that she did not believe in the development of the Community. The Prime Minister pointed out with some asperity that when it came to observing Community obligations the two countries with by far the best record were Britain and Denmark. What she wanted to see was the Treaties implemented.

8. Nevertheless a vote was held with the original Six plus the ~~Italians~~ voting in favour of such a conference. The Spanish and Portuguese Prime Ministers must have viewed these goings on with some amazement.

9. The German initiative was fatal to the chances of agreement on the second day. Although the French position on substance was close to ours in some respects, Mitterrand was determined to appear in the midst of this movement and, predictably enough, aligned himself with others of the Six. The French had prepared a watered down version of the German text which, in turn, was transformed into the British

Irish



document circulated by the Prime Minister after lunch on Saturday and described in UKDEL Milan Telno 5. We do not regard ourselves now as committed to everything in that document, which was put forward in an attempt to reach an agreed conclusion. But anyone reading it cannot, I hope, fail to register that the Prime Minister was prepared to go a very long way indeed to try to reach agreement. But that proposal was brushed aside. Papandreou then took the line that he was prepared to agree either to the British proposal or to a conference but not to both. The conclusions based on our proposals therefore fell away and the only decision taken was the procedural one that there should be a conference to discuss treaty amendment under Article 236 and a treaty on political cooperation based on the British and Franco-German texts. In the discussions the Prime Minister made clear that these two aspects should be kept separate. Political cooperation is not part of the Article 236 procedure as it would not require treaty amendment. The Benelux and Italy throughout took the line that they would not agree to a new Treaty on political cooperation unless there were also some changes to the Treaty of Rome.

10. At her press conference in Milan the Prime Minister expressed her disappointment that these issues had simply been referred to a conference; and her conviction that treaty amendment was neither necessary, nor likely on any extensive scale to be feasible, and that agreement was unlikely to be reached in a conference if it could not be reached between the heads of government themselves. In her statement in Parliament the Prime Minister made clear that we will participate constructively in a conference. Our position on treaty amendment remains agnostic. We do not believe that it is necessary. Rather than attempting the immensely difficult task of changing the constitution, our proposals were intended to change the way in which it operates. Nor is it clear that treaty amendment will turn out to be practicable. We do not see, for instance, how it is going to be possible to reconcile the Italian and Danish positions on the Parliament. The only Treaty articles so far identified as candidates for amendment are 57(2) and parts of 100, since there is no general support for amending Articles 99 and 235. The Prime Minister in Parliament avoided, however, saying an absolute never. No doubt there will be proposals also for extension of the scope of the treaties (to education, health, science, culture, technology, etc).

11. The conference is being called under Article 236. We have no intention of making a fuss about procedure (it was to my regret that we actually voted against a conference: that happened because of the way the Italians went bald-headed for a vote, with no time for proper reflection). But we shall continue to point out that Article 236 requires a precise proposal for treaty amendment and none has yet been made.

12. What we now need to know in the case of each member state is (a) which Treaty articles they think should be amended; and (b) what other changes they propose. We have no interest whatever in continuing recriminations. The Secretary of State is determined that the message we must get across is that we believe that it is still possible to re-establish some common ground and achieve broad agreement in

/December



December in Luxembourg. But that will require a positive effort to do so, precision as to what is proposed, and the avoidance of maximalist proposals. That will be the main theme of the meetings he is arranging with Genscher, Poos and Dumas on the eve of the next meeting of the Foreign Affairs Council.

13. We shall of course be able to send you more detailed guidance as soon as we have had some further discussion with the Secretary of State. But I thought I should let you have this background now.

Tom, ever,

Robin

R W Renwick

cc: HM Ambassadors, Athens
Brussels
Copenhagen
Dublin
Luxembourg
Paris
Rome
The Hague
Madrid
Lisbon
UKREP Brussels
Mr David Hannay, Washington

Mr. Renwick,



From: Derek Thomas

Date: 5 July 1985

M. Thomas
PA

76

CONFIDENTIAL

Mr Renwick

POST MILAN.

Ma 001/10

1. At the PUS' meeting this morning there was some discussion about the exchanges of telegrams and minuting on the follow-up to Milan. The PUS himself and Mr Goodall sought further clarification about how the unsatisfactory conclusion at Milan came to be reached. The reporting telegrams from UKDEL Milan were thought to be too complicated for most people to grasp. The telegram of instructions which went out yesterday was not felt quite to meet the point. The PUS was not suggesting that this was something we wanted to raise (as the telegram of instructions had made clear) but he thought that it was important that all concerned should understand the issue properly.

2. The Private Secretary and I did our best at the meeting to clarify these issues but the PUS' conclusion was still that something was needed, both for posts abroad and for senior officials.

MUG 011/10
RECEIVED
11 JUL 1985
✓ RW

[Signature]

Derek Thomas

Mr. Derek Thomas

I had written the attached letter to Sir Julian Bullard, which I have copied widely in the office. Do you think this will suffice?

PUS

[Signature]
5/7

PE/PUS

I think Mr Renwick's excellent letter meets his case admirably. Does the PUS agree?

Yes. Excellently clear.

[Signature]
8/7