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From the Private Secretary

*Dea Richard*

PRIME MINISTER'S MEETING WITH PRIME MINISTER LUBBERS,  
THE HAGUE, 18 SEPTEMBER

The Prime Minister and the Foreign Secretary had talks in The Hague this morning with the Dutch Prime Minister and Foreign Minister. Mr. Garel-Jones was also present, as was Mr. Dankert on the Dutch side.

The greater part of the talks (about two hours) took place with just the two Prime Ministers and two Foreign Ministers present. The following account is based on the de-briefing which the Prime Minister and Foreign Secretary gave us.

Yugoslavia

About half of the morning session was spent on Yugoslavia. Mr. van den Broek presented the case for the Dutch proposal (now circulated formally) for 5-6,000 armed men to supplement the EC monitors and deal with 40 or so hot spots. Mr. van den Broek wanted tomorrow's Ministerial meeting to take a decision to that effect: the Croats were becoming more intransigent, the Germans were becoming ever more difficult and the old Yugoslavia was falling apart. Van der Broek wanted the Twelve to reaffirm the principle that there should be no change of frontiers by force and to reach agreement on the provision of armed men, though this could only happen if it was accepted by all parties.

In reply, the Prime Minister pointed out that none of the circumstances existed for putting in a force: there was no peace, no ceasefire, no clear prospect that a force would lead to a long term settlement. It was not at all clear how such a force would operate. The Prime Minister described our own experiences in Northern Ireland which showed how difficult it was to contain the scope and duration of a commitment of this kind. Both the Prime Minister and the Foreign Secretary argued that it was too early to put in a peace-keeping force and that we should be concentrating on economic and political measures. Mr. Lubbers argued that in one sense it was too late rather than too early for peace-keeping. He was very concerned about the issue of frontiers but not in a very focused way. Similarly, Mr. Lubbers seemed to be in favour of recourse to the UN Security Council whilst Mr. van den Broek seemed to be

against it. The Foreign Secretary pointed to the possibility of taking an initiative in the UN with the support of the United States and the Soviet Union. Mr. van den Broek referred to the possibility of a CSCE initiative, which would involve the United States and the Soviet Union. It would be better than giving the impression that the European Community had failed and was handing over to the Security Council. The Prime Minister pointed out that there was a world of difference between a peace-keeping force and putting our soldiers in the same sack as two fighting ferrets. That was not acceptable. Both the Prime Minister and the Foreign Secretary stressed the difficulty of getting a peace-keeping force out of Yugoslavia once it was in there. Van den Broek expressed confidence that it would be possible to withdraw the force. Mr. Lubbers agreed, but his body language apparently indicated that he did not really believe what he was saying.

Commenting on this part of the discussion, the Prime Minister said that whilst Mr. Lubbers had seemed perfectly happy about the possibility of recourse to the UN, Mr. van den Broek had been quite agitated on the subject. The Prime Minister wondered if there was a read-through to CFSP in van den Broek's mind.

#### Soviet Union

Mr. Lubbers asked the Prime Minister for his views on the advisability of a possible European Council on the Soviet Union to be held later in October. The Prime Minister discouraged this on the grounds that there was too much uncertainty, that any measures needed to help the Soviet Union should be decided by the Foreign Affairs Council, and that the European Council should be kept for the big decisions. Mr. Lubbers said that he was not under pressure and that if the European Council did not meet then there should perhaps be informal contact at Sherpa level. The Prime Minister indicated the need to hear from the IMF team before the G7 or Community took decisions on assistance. The Prime Minister also referred to the need for proper coordination with the United States and Canada. The Prime Minister mentioned in passing the possibility of Lubbers, Delors, and himself meeting informally.

#### Eastern Europe

Mr. van den Broek was confident that the French would agree to the Presidency compromise on Association Agreements with Poland, Hungary and Czechoslovakia. The Dutch wanted the issue settled in Coreper because they feared the Greeks would open up other issues like textiles if it went to the Council. The Prime Minister cast doubt on whether the French really were ready to agree to the Presidency package.

#### GATT

The Prime Minister gave an account of US views based on his discussion with President Bush in Kennebunkport. The Prime Minister and Mr. Lubbers agreed that there was no point in calling a European Council on the GATT, and the Prime Minister said that Mr. Dunkel should produce his own package

first. Then it might be right for the European Council to meet and endorse it. Mr. Lubbers commented that Dunkel was rather feeble, but he agreed that there was no alternative. He thought that the argument would be won on the basis of the budgetary pressures on the CAP. The Prime Minister commented that he hoped that he had persuaded the US not to wait for CAP reform before reaching a GATT agreement. Mr. Lubbers concluded that the Trade and Agriculture Councils should do their work, and that he would consider the case for a Summit on the GATT in late October.

There was some discussion on CAP reform, and the difficulties this posed for the French. The Prime Minister described the McSharry proposals as a heat-seeking device aimed against efficient agriculture. This view had been generally endorsed.

#### EMU

Mr. Lubbers explained the position on their text on familiar lines. The Prime Minister made clear that we were working for an agreement. Good progress had been made. He outlined our particular requirements:

- (i) No imposition. The Prime Minister had described the additional language that we needed, and stressed that the provisions should not take the form of a derogation.
- (ii) There must be a clear distinction between Stages 2 and 3.
- (iii) In Stage 2, monetary policy must remain in national hands.
- (iv) There must be no binding rules on budget deficits in Stage 2.
- (v) There must be rigorous convergence.
- (vi) There should be no obligation to make central banks independent in Stage 2.

Mr. Lubbers agreed to this last point, and Mr. van den Broek even denied that there was such a provision in the text.

The Prime Minister said that the dates for Stages 2 and 3 should be staging posts. It would be for the European Council to decide whether the time had to come to go forward to Stage 3. The arrangements should be as permissive as possible. There was some discussion of exactly how the decision to move to stage 3 would be taken, what numbers needed to be involved, etc., but no conclusion was reached.

#### Political Union

Mr. Lubbers said that he had received a clear message from us and was trying to find a compromise. The approach he was looking for was to reach agreement on the substance of each

issue. Some would see this as intergovernmental action plus, others as integration minus. The Prime Minister responded by saying he felt rather gloomy about the prospects for agreement at Maastricht on the basis of what we now knew. There had been nothing in the Luxembourg text that the House of Commons would actually want. It was a question of what they would tolerate. If foreign policy was put under Community aegis and under the ECJ, that would not get through the House. The Prime Minister also stressed how social issues had been at the core of British politics for the last decade. Going back on what we had achieved was not conceivable. The Prime Minister went on to say that the idea that we would have to expand to include the new European democracies at some time in the future was an attractive one. The idea that they were entitled to join, and that we should act accordingly, had excited people. Mr. van den Broek thought this approach rather difficult, and stressed the need for deepening, but Lubbers seemed interested in the Prime Minister's presentation.

At the close of the morning meeting Mr Lubbers said that Chancellor Kohl believed it to be his life's work to anchor Germany in Europe. Now, because of different currents within Germany and Eastern Europe, Kohl felt that it was at risk. We had to help him.

The discussion on political union continued over lunch in a wider group. Mr. Garel-Jones explained the selling job he had done on the structure of the Luxembourg text to MPs. We could live with that structure, but if he had to go back to MPs and say that that was no longer on the table, we would be in an impossible position. Mr. Lubbers said it was clear from his discussions that whereas it might be possible to find solutions for the different chapters of the political union text, without an overall framework, it would not be possible to find a solution based on a framework, certainly not that put forward at Luxembourg. There would at the end have to be a decision on how to wrap up the different chapters, but that would be the last decision to take. The dispute between the Prime Minister and Mr. Martens at the last European Council had shown the extent of the divide. He was not suggesting that everything had to be done now. Indeed, even Mitterrand was saying that the concept of European defence would take a generation to realise. A compromise could be worked out.

The Prime Minister said that the history of the Community showed a move towards increased communal decision-making, and we were prepared to see a considerable step forward on political union, but a unitary structure would be a huge leap forward, and he simply could not get support for it in the House of Commons.

Mr. van den Broek said that there had been no coherent structure in the Luxembourg text. What the Dutch were saying was that we could not treat EPC now in the same way as the Treaty of Rome, but should we not agree to speak about derogations? More might come under Community rules later, but governed by unanimity. It would be for the European Council to decide what should constitute common action under EPC. The Dutch were building on Article 30 of the Single European Act,

but giving consultations a more binding character on matters of common interest.

Mr. van den Broek said that Article 2(II) of the new text went a long way towards meeting the UK position by talking about the European community "and its member States". On defence, the Dutch were seeking to bridge the gap between Mitterrand on the one hand and Britain on the other. There would be a review in 1996, but Britain would not be committed to a common defence policy by then. He handed over a new text on security (enclosed). The Foreign Secretary commented that references to defence had to be a Siamese twin to NATO. There was a gap on this score in the Dutch text at a quick glance, notably in the last paragraph.

Mr. Lubbers said he doubted whether the EC member States who were not members of NATO could go on taking refuge in neutrality as they did today. He had had a discussion with Mr. Carlsson, the then Prime Minister of Sweden, about Yugoslavia, and had subsequently talked publicly about the question as to whether, if Sweden was a member of the EC, she could exclude herself from a peace-keeping force for Yugoslavia. This had produced a debate in the Swedish media which had concluded that Sweden could not exclude itself. Mr. van den Broek commented that the question was whether EC member States who were not members of NATO would express their commitment to a common defence policy through NATO membership. It was striking that Austria had been the first country to advocate WEU peace-keeping. We should make a distinction between peace-keeping on the one hand and a common defence policy on the other. But gradually the problem would solve itself. The neutrals would say the basis of their neutrality had evaporated. It was noteworthy that Sweden had always been part of UN peace-keeping.

The Prime Minister said that the French position was neither coherent nor credible. It took no account of the position in the United States, and assumed that Congressional opinion would not notice what was going on in Europe. The Prime Minister was not prepared to do anything which would cause problems for President Bush with Congress. It was very difficult to persuade the French that their attitude would be interpreted in the USA as hostility to the presence of US and Canadian troops. We wanted those troops to stay in Europe. The French would have to give way.

Mr. van den Broek said that the best outcome would be if the Prime Minister could reach an agreement with Kohl and Mitterrand. If the three leaders could strike a balance, that would be acceptable to the Presidency. The Prime Minister said he would certainly try.

The Prime Minister said it was conceivable that we would not finish our work by Maastricht. The Dutch text on political union was more difficult for us than the Luxembourg text. He knew that the French believed that, always in the past, we had banged the table but had come round in the end. He, as Prime Minister, would not put on great displays. He wanted an agreement as much as anyone, and would negotiate where

practicable. But we would not sign up to proposals we could not accept or recommend to the House of Commons. Mr. Lubbers reiterated that it was impossible to follow the Luxembourg text. He had taken on board the Prime Minister's concern about putting things under the Commission and ECJ. We could not go back to the Luxembourg text, but he recognised the need to work out a compromise.

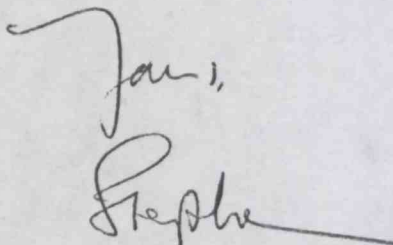
The Foreign Secretary said that the Dutch Presidency were asking us to look at the text chapter by chapter, and then to decide on the overall philosophy. We would say that it was basically intergovernmental with exceptions. The Dutch would say it was integrationist with derogations. But the philosophy was one of the most difficult issues, and it was hard to leave it to one side.

Mr. Dankert said that the main areas of foreign policy and defence would be under Article 30 of SEA, i.e., outside the Treaty. Only the items on the Asolo list would be within.

Mr. Lubbers said that nobody could say now what would be desirable in ten years time. He did not know how we would have to take account of the interests of non-Community countries. We could not draw final conclusions. He was trying to bridge the gap by referring to 'the Community and its member States', or 'the member States and the Community'. (Mr. van den Broek interjected that the first formulation was the one which had to be used.) He could see the possibility of achieving a Single Market and EMU, but he was not sure about the possibility of achieving political union. We would have to look again in six or seven years, but we needed a formula for working together and for making progress in the meantime.

The Foreign Secretary commented that foreign policy was not necessarily the most difficult area of the text. Some other areas such as legislative powers for the European Parliament and the social dimension were in a way more difficult. Mr. Lubbers agreed.

I am sending copies of this letter to the Private Secretaries to the Members of OPD(E) and to Sonia Phippard (Cabinet Office).

  
J.S. WALL

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

Article C

Security

1. Common foreign and security policy shall encompass all security issues. \*\*\* *(Taking into account #5)*
- \*\*\* See annex I of the text of the Luxembourg presidency, to be reviewed during the negotiations.
2. Common security policy shall complement the security policy resulting from the commitments arising in the case of a number of Member States from the Treaties establishing the North Atlantic Treaty Organisation and the Western European Union, which shall continue to contribute to a substantial extent to security and stability.
3. The Council shall seek to promote cohesion between the security policy of the Community and that pursued by certain Member States in the framework of the Western European Union and the North Atlantic Treaty Organisation, with due regard for the competencies of each of these organisations.
4. The provisions of this article shall not prevent the establishment or development of closer cooperation between two or more Member States, insofar as such cooperation does not conflict with or hinder that provided for in the present title.
5. With a view to the formulation in due course of a defence policy, in 1996 at the latest the measures to be taken in this regard after that date should be examined in the light of developments which have taken place in the meantime.

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FROM EGMG FOR COI RADIO TECHNICAL SERVICES

TRANSCRIPT OF DOORSTEP INTERVIEW

GIVEN BY THE PRIME MINISTER, MR JOHN MAJOR,

AND MR RUUD LUBBERS

IN THE HAGUE

ON WEDNESDAY, 18 SEPTEMBER 1991

PRIME MINISTER:

We have had the opportunity this morning of an exchange of views on a large range of issues, economic and monetary union, political union, the difficult circumstances that exist at the moment in Yugoslavia, the importance of reaching agreement on the Uruguay Round during the course of this year, all these are matters upon which we have had the opportunity of an informal exchange this morning.

If I can run very briefly through some of those and then I am sure you will have some questions after Ruud has spoken. Progress has self-evidently been made I think in recent months on economic and monetary union and some of the difficulties are becoming smoother and I think increasingly a way through can be seen. There is still a considerable way to go and nobody should assume that there is necessarily going to be an easy agreement well in advance of Maastricht but I have become increasingly confident that we will be able to reach an agreement on economic and monetary union when we reach the conclusion of the intergovernmental conference in December at Maastricht.



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On political union I think it is fair to say that the debate is a good deal less advanced. There are many very formidable and difficult problems still to be discussed, we were able to touch upon some of those today and I know that the Prime Minister, as President, will be conducting a series of negotiations in the months ahead and I have a series of bilaterals with our Community partners as we try and find a way towards an agreement that will be generally satisfactory in December.

The situation in Yugoslavia is one of very great concern, I do not think anyone underrates the difficulties that there are there and the problems that there will be in seeking a satisfactory solution. I would like to express my congratulations to Hans van den Broek for the way he has handled those matters in recent weeks, I think he has done magnificently, and I am delighted at the way in which Lord Carrington is chairing the peace conference, we must see how these events progress. But clearly it is a very dangerous and difficult situation and it would be very unwise at the moment to determine precisely how that may fall out.

On GATT, there is a clear conformity of view, we are wholeheartedly of the opinion that it would be very damaging indeed if there were not a very formidable push towards reaching an agreement in the GATT Round by the end of this year, that is our agreed position, has been for some time, and the problems lie elsewhere rather than in Holland or in the United Kingdom.

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MR LUBBERS:

I have not much to add to what Prime Minister Major said. Tomorrow we will have the Ministerial and the WEU conference on Yugoslavia and of course we discussed that topic but we draw conclusions tomorrow together with our other European partners.

We had a very good discussion, as was said, about monetary union and political union and this was very timely because it gives us the opportunity to take into consideration the British position and see what we can do to come to agreement in Maastricht.

About GATT we have still a long way to go to find a good method to bring the Uruguay Round to a success but as you know as well Great Britain and the Netherlands as, if I might say so, the Presidency, have a big interest here that we show that Europe can not only organise itself internally but is also prepared to come to terms with other groups of nations and continents.

Finally, one word about central and Eastern Europe. As you know, Prime Minister Major is also in charge now of monitoring the efforts of the Group of G7 and also in that responsibility we had a useful talk about the possibilities, ... the coming months, to coordinate the action of the European Community and that of the G7 group of countries.

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(QUESTIONS AND ANSWERS)

QUESTION:

Prime Minister Major, on political union, are you still opposed in principle to any extension of the legislative powers of the European Parliament and Prime Minister Lubbers, has anything that Mr Major told you this morning made it easier for you to complete your internal examination of new proposals for the IGC?

PRIME MINISTER:

We discussed a great many matters on political union, not just the extension of legislative competence, I think it would be a mistake to think that that is the only matter of difficulty, not just for the United Kingdom but for other countries as one actually moves forward to the debate on political union at Maastricht in December, there are very many areas of difficulty. We are prepared to look constructively at what the role of the European Parliament should be in the future, there are areas where we believe that it should change and I have set those out on a number of occasions in the past. Precise details of where we think their role should change and how it should change, what its reporting mechanisms should be, are matters we are still in discussion with with both the Presidency and with our European partners.

There can be some changes, I think there are areas beyond which we would find it very difficult for the European Parliament to go at this stage, but there are other difficulties as well and we have not dwelled especially upon those this morning.

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MR LUBBERS:

The answer to your question is yes. To clarify that a little bit, we see Maastricht and the result of the inter-governmental conference on political union not as the final result of one political union immediately and for the full 100 percent at Maastricht. In fact, it will be a first step forward to a political union, defining the process, as I see it, and the different fields and speech in which we can come together to a more common approach will be different. You see that on the one hand in monetary union but there is also the single market and areas related to that in which we can make a step forward but we have to be a little bit more cautious in other areas like foreign policy and defence, not losing the perspective of political union but allowing ourselves time to develop procedures in which gradually Europe will speak more with one voice which is the ultimate aim of course.

QUESTION:

... Carrington and London has been frankly pessimistic about the prospects in Yugoslavia, in the light of that could I ask you both what conditions you would set and what prospects you see for the sending of an EC peace-keeping force to Yugoslavia and what implications do you think the different emphasis seems to being put within the Community for that political union?

MR LUBBERS:

As we said earlier, this will be discussed tomorrow with our European colleagues which is essential because if we really want a

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Europe which acts coordinated with one voice we have to come to a common opinion together. It would be very unwise I think as well for the British Prime Minister as for myself just one day before such a Ministerial meeting to dictate already the result of such a meeting. But I can assure you that we had a very thorough and fruitful discussion about the difficult situation and certainly we will do our utmost to support with all means the possibility for a success of what Lord Carrington is doing now in the peace conference here in The Hague.

PRIME MINISTER:

Let me just add something to that. I do not think one wants to necessarily assume all the difficulties of Lord Carrington's mission will come about, we must hope that he is more successful, I think he is very prudent to be cautious about what can be achieved, it is clearly an extremely difficult circumstance and I think both on substance and in terms of tactics he is entirely right to be cautious about the outcome.

One of the purposes of tomorrow's meeting is to determine the extent to which it will be possible to coordinate policy and decide how to deal with the difficult emerging situation that exists in Yugoslavia. But many of the conclusions that we will have to reach will have to depend upon the will of the people in Yugoslavia firstly to create a ceasefire, secondly to seek assistance to make sure that that ceasefire actually continues. I do not think anybody is talking about a peace-making approach in terms of military intervention in Yugoslavia, but we must wait

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and see what happens in the discussions tomorrow, there are many things to discuss in what is a very rapidly evolving situation.

QUESTION:

Inaudible

PRIME MINISTER:

It means we are going to discuss things tomorrow, I do not have any immediate likelihood of sending a force, no.

QUESTION:

Did you outline any British reservations about the sending of a force, any conditions there would have to be on the ground?

PRIME MINISTER:

As Ruud said a few moments ago, we are going to discuss all these matters tomorrow and we have had the chance of some exchanges today, but I think these are matters that have to be developed in discussion tomorrow.

QUESTION:

Inaudible.

PRIME MINISTER:

Every European nation has entirely the right to express its own distinctive views on what is happening in Yugoslavia and seek to discuss those views with its European colleagues, that is the free and easy and open way in which we conduct our affairs. But we

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will have a meeting tomorrow at which I hope we will get a communal view.

MR LUBBERS:

Let me add to that. In our discussion it was very clear, the main point of course is not the common policy, our common policy in this part of Europe, but the necessity that those who are responsible in Yugoslavia are ready to accept the necessity of a ceasefire and of the positive attitude to the efforts of Lord Carrington and only under that condition can we be instrumental in helping and assisting them. And that is the main point of discussion tomorrow, I guess, how we define that necessity of a perspective for the future of Yugoslavia based on their own efforts and then what can we add to help them in that situation.

QUESTION:

Are you planning an extra summit?

MR LUBBERS:

No not at this moment.

(END OF TRANSCRIPT)