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FM BONN

TO IMMEDIATE FCO

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INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY PARIS, LUXEMBOURG

INFO ROUTINE EC POSTS, MADRID, LISBON

FRAME INSTITUTIONAL

IGC: GERMAN CABINET MEETING

SUMMARY

1. THE EUROPEAN COMMITTEE OF THE GERMAN CABINET MET YESTERDAY. IT AGREED THAT THE FINAL OUTCOME OF THE IGC MUST BE SETTLED AT THE LUXEMBOURG EUROPEAN COUNCIL, EVEN IF TEXTS ARE COMPLETED LATER. THE CABINET COMMITTEE REVISED THE GERMAN POSITION ON THE INTERNAL MARKET, DECISION-TAKING UNDER ARTICLES 100 AND 57, COHESION AND THE PARLIAMENT.

DETAIL

2. WE HAVE DEBRIEFED HARTMANN (FEDERAL CHANCELLERY) AND LAEUFER (AUSWAERTIGES AMT). HARTMANN, WHO HAD JUST FINISHED DRAFTING THE MINUTES OF THE MEETING, SAID THAT THE GERMANS WERE DETERMINED THAT THE IGC HAD TO BE BROUGHT TO A CONCLUSION IN LUXEMBOURG NEXT MONTH. OF COURSE THERE WOULD BE DETAILS TO SETTLE AND TEXTS TO FINALISE, BUT THE FEDERAL GOVERNMENT WANTED IT "OFF THE TABLE" BY THE END OF THE LUXEMBOURG SUMMIT. HE IMPLIED THAT THE FRENCH WERE OF THE SAME MIND, SINCE THE NEXT EUROPEAN COUNCIL WOULD BE VERY CLOSE TO THEIR ELECTIONS.

3. RUNNING THROUGH THE VARIOUS SUBJECTS, HARTMANN SAID THAT THERE WOULD BE NO DIFFICULTY IN AGREEING SOMETHING ON POLITICAL COOPERATION, THE ENVIRONMENT AND TECHNOLOGY. THE BIG SUBJECTS WERE, OF COURSE, THE INTERNAL MARKET AND THE EUROPEAN PARLIAMENT. ON THE LATTER, THE GERMANS REMAINED FIRM THAT THE LAST WORD MUST REST WITH THE COUNCIL. NONETHELESS SOMETHING HAD TO BE DONE TO GIVE THE PARLIAMENT A ROLE. IT WAS NO USE PRETENDING THAT DEMOCRACY DID NOT HAVE ITS INCONVENIENCES AND EXPENSE. THE ITALIANS WERE BOUND TO INSIST ON SOME SORT OF MEANS WHEREBY THE PARLIAMENT WOULD FEEL MORE CLOSELY INVOLVED. HE REGRETTED THE REJECTION OF THE GERMAN IDEA OF A CONCILIATION COMMITTEE. THERE WAS MUCH TO BE SAID FOR THE NEWER IDEA OF ALLOWING THE PARLIAMENT THE RIGHT OF CO-DECISION WHEN THE COUNCIL AGREED THAT A MATTER WAS OF POLITICAL IMPORTANCE. BUT SO LONG AS THE LAST WORD REMAINED WITH THE COUNCIL, IT DID NOT PARTICULARLY MATTER WHAT PROCEDURES HAD TO BE GONE THROUGH.

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4. HARTMANN WAS IMPRECISE ABOUT THE INTERNAL MARKET, BUT SURPRISINGLY VEHEMENT ABOUT COHESION AND ABOUT THE EMS. IT WAS JUST NOT ACCEPTABLE THAT A COUNTRY LIKE ITALY COULD FEEL FREE TO PURSUE NATIONAL ECONOMIC POLICIES WHICH WERE DRIVING IT TOWARDS DISASTER AND HIGH INFLATION, AND THEN EXPECT THE WELL-ORGANISED COUNTRIES TO COME TO THE RESCUE. NOR WAS GERMANY GOING TO BUY OFF THE GREEKS, WHATEVER THEY MIGHT THINK. SIMILARLY ON THE EMS PROPOSALS OF THE COMMISSION, THE IDEA OF SURRENDERING THE INDEPENDENCE OF THE BUNDESBANK WAS QUITE OUT OF THE QUESTION.

5. LAEUFER GAVE US THE FOLLOWING INFORMATION ABOUT THE CABINET COMMITTEE'S DISCUSSION OF IGC TEXTS:

INTERNAL MARKET

6. THE FEDERAL GOVERNMENT WILL STAND BY THEIR EXISTING DEFINITION OF THE INTERNAL MARKET (FREE MOVEMENT OF GOODS, PERSONS, SERVICES AND CAPITAL). THEY CANNOT HOWEVER ACCEPT REFERENCES TO AN 'INTERNAL MARKET WITHOUT FRONTIERS'. THEIR LAWYERS HAVE ADVISED THEM THAT THIS USE OF THE WORD 'FRONTIERS' (BINNENGRENZEN) IS NOT COMPATIBLE WITH ITS INTERNATIONAL LEGAL SIGNIFICATION.

ARTICLE 100

7. THE GERMANS WILL MAINTAIN THEIR PROPOSAL FOR QUALIFIED MAJORITY VOTING FOR THE REMOVAL OF DIRECT BARRIERS TO THE FREE MOVEMENT OF GOODS ETC. STOLTENBERG REMAINED ADAMANT HOWEVER THAT HARMONISATION OF DIRECT AND INDIRECT TAXATION REQUIRED UNANIMITY. THE CABINET COMMITTEE HAD AGREED TO REPLACE THEIR PREVIOUS PROPOSAL DESIGNED TO PROTECT MEMBER STATES WITH HIGH HEALTH AND SAFETY STANDARDS BY A NEW FORMULATION. LAEUFER DID NOT HAVE THE TEXT AVAILABLE, BUT THE GIST WAS:

(A) MATTERS DIRECTLY RELATING TO THE INTERNAL MARKET (AND THEREFORE SUBJECT TO QUALIFIED MAJORITY VOTING): THE COMMISSION WOULD BE OBLIGED TO AIM IN ITS PROPOSALS AT THE HIGHEST POSSIBLE STANDARDS OF HEALTH, SAFETY AND CONSUMER PROTECTION, TAKING ACCOUNT OF THE HIGHEST STANDARDS PREVAILING IN MEMBER STATES:

(B) MATTERS NOT DIRECTLY RELATING TO THE INTERNAL MARKET (I.E. SUBJECT TO UNANIMITY). PROVISION WOULD BE MADE FOR THE COUNCIL TO DECIDE BY A QUALIFIED MAJORITY THAT AN EXCEPTION TO A DIRECTIVE COULD BE MADE FOR A MEMBER STATE WITH HIGHER STANDARDS OF HEALTH, SAFETY OR CONSUMER PROTECTION. THE COMMISSION WOULD BE REQUIRED TO REVIEW THE EXCEPTION REGULARLY TO DETERMINE IF IT WAS STILL JUSTIFIED.

ARTICLE 57

8. THE CABINET COMMITTEE DECIDED THAT UNANIMITY MUST CONTINUE TO APPLY, AS THE PROFESSIONS ARE REGULATED BY LAW IN THE FRG.

COHESION

9. THE GERMANS CAN AGREE THE FRENCH PROPOSAL, EXCEPT THAT THEY ARE FIRMLY AGAINST ANY LOANS OTHER THAN UNDER THE USUAL EIB MECHANISMS.

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THE EUROPEAN PARLIAMENT

10. THE COMMITTEE DECIDED IN FAVOUR OF THE LATEST PRESIDENCY VERSION OF THE COMMISSION PROPOSAL FOR BASKET II, ON CONDITION THAT THE REFERENCE TO A MEDIATION ROLE FOR THE COMMISSION BE DELETED. THEY ALSO DECIDED IN FAVOUR OF THE FRENCH PROPOSAL THAT A POSITIVE VOTE OF THE PARLIAMENT SHOULD TRIGGER MAJORITY VOTING IN THE COUNCIL. THEY CONSIDERED WHETHER TIME LIMITS SHOULD BE SET FOR THE VARIOUS STAGES OF COOPERATION WITH THE PARLIAMENT, BUT CAME TO NO CONCLUSION. THEY AGREED THAT THE PARLIAMENT SHOULD HAVE A RIGHT OF CO-DECISION ON NEW ACCESIONS, ELECTORAL PROCEDURE FOR THE DIRECT ELECTIONS, AND POSSIBLY THE CONCLUSION OF TRADE AGREEMENTS. (LAEUFER REMARKED THAT BOTH GENSCHER AND BANGEMANN WERE OPPOSED TO THE LATTER, BUT IT HAD BEEN URGED BY KOHL, WHO FELT HIMSELF UNDER INTENSE PRESSURE FROM CDU MEPS, INCLUDING OLD FRIENDS SUCH AS KLEPSCH.)

BULLARD

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FCO PLEASE ADVANCE TO: FCO BRAITHWAITE, RENWICK, WALL
CAB WILLIAMSON
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(ADVANCED AS REQUESTED)

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