

CONFIDENTIAL
FM THE HAGUE
TO DESKBY 290900Z FCO
TELNO 498
OF 281700Z NOVEMBER 88
AND TO PRIORITY EUROPEAN POSTS

EUROPEAN COUNCIL, RHODES: DUTCH PRIORITIES

SUMMARY

1. LUBBERS SEES IMPORTANCE OF A STRONG EC TRADE DECLARATION BEFORE THE MTM. DUTCH MINISTERS IN FAVOUR OF A MEASURE OF FISCAL HARMONISATION, AND WANT TO SEE WORK SET IN HAND ON FURTHER SOCIAL MEASURES. CONTINUING CONCERN OVER IMMIGRATION PROBLEMS. LONG-TERM WORRIES OVER THE REGIONAL CULTURAL IDENTITY OF THE NETHERLANDS.

2. THE FOLLOWING ASSESSMENT OF DUTCH PRIORITIES FOR THE RHODES EUROPEAN COUNCIL IS BASED ON CONTACTS THIS WEEK WITH THE PRIME MINISTER'S OFFICE, AND ON SPEECHES BY LUBBERS AND OTHER MINISTERS CONCERNED WITH EC MATTERS AT A PUBLIC MEETING WHICH WAS HELD ON 26 NOVEMBER TO MARK THE LAUNCH OF A DUTCH 1992 AWARENESS CAMPAIGN.

3. MINISTERS DO NOT SEE THIS EUROPEAN COUNCIL AS AN OCCASION FOR TAKING MAJOR SUBSTANTIVE DECISIONS. NOR DO THEY SEE THE NEED FOR SIGNIFICANT DISCUSSION OF MONETARY POLICY PENDING THE RESULTS OF THE DELORS GROUP'S WORK. A MAJOR OBJECTIVE WILL IN THEIR VIEW BE FOR THE EUROPEAN COUNCIL TO ISSUE A CLEAR SIGNAL UNDERLINING THE COMMUNITY'S COMMITMENT TO AN OPEN TRADING SYSTEM IN ADVANCE OF THE MTM IN MONTREAL.

FISCAL HARMONISATION

4. THE DUTCH BRIEF FOR RHODES SPEAKS OF THE NEED TO PREVENT THE COMMUNITY ENTERING A DAMAGING PROCESS OF COMPETITIVE REDUCTIONS OF INDIRECT TAXES. THERE IS A REFERENCE TO ALLEGED PROBLEMS IN THE UNITED STATES OVER CUT-THROAT COMPETITION BETWEEN STATES TO ATTRACT INVESTMENT BY REDUCING INDIRECT TAXATION. FOLLOWING THIS PREMISE, LUBBERS IS LIKELY TO SPEAK IN FAVOUR OF HARMONISING INDIRECT TAXES AT REASONABLE LEVELS.

SOCIAL DIMENSION

5. THE IMMEDIATE DUTCH AIM IS TO FOCUS ATTENTION ON THE NEED FOR

COMMUNITY STANDARDS IN THE AREA OF HEALTH AND SAFETY AT WORK. BUT MINISTERS ARE UNDER PRESSURE FROM BOTH TRADE UNIONS AND A SIGNIFICANT ELEMENT WITHIN THE MAJOR CHRISTIAN DEMOCRAT PARTY TO GO FURTHER IN TERMS OF A COMMUNITY SOCIAL POLICY PROGRAMME. LUBBERS WOULD LIKE TO SEE AGREEMENT IN PRINCIPLE TO SET IN HAND A PROGRAMME OF WORK WITHIN THE EC ON 'SOCIAL EUROPE'. HE HAS APPARENTLY COMMENTED THAT THERE MAY HAVE TO BE SOME COMPROMISE WITH THE SOUTHERN MEMBER STATES OVER THE COMPOSITION OF AN EVENTUAL PACKAGE.

IMMIGRATION AND FRONTIER CONTROLS

6. THIS CONTINUES TO BE A MAJOR PRE-OCCUPATION FOR THE DUTCH GOVERNMENT. LUBBERS RAISED THIS MATTER AT HANNOVER AND MAY DO SO AGAIN. HE DISCUSSED WITH DELORS IN THE MARGINS OF THE MEETING ON 26 NOVEMBER MENTIONED IN PARA 2 ABOVE THE PROGRESS BEING MADE BY THE COMMISSION WITH ITS OWN STUDIES.

7. DUTCH POLICY ON IMMIGRATION HAS BEEN ON THE CABINET AGENDA FOR THE PAST 5 WEEKS WITHOUT FIRM CONCLUSIONS HAVING BEEN REACHED. GOVERNMENT ESTIMATES IN 1986 FOR A SMALL NET INCREASE IN IMMIGRATION OVER THE ENSUING TWO YEARS (7,500) HAVE PROVED WIDE OF THE MARK: THE ACTUAL FIGURE HAS BEEN NEARER 75,000. MINISTERS ARE CONCERNED BOTH AT THE OPPORTUNITIES FOR INCREASED ILLEGAL IMMIGRATION THAT COULD ARISE FROM THE REMOVAL OF FRONTIER CONTROLS IN 1992, AND AT THE PROSPECT OF LEGAL IMMIGRANTS MOVING TO THE NETHERLANDS, ATTRACTED BY SOCIAL WELFARE BENEFITS. LUBBERS BELIEVES THAT THE COMMUNITY NEEDS TO LOOK AT BOTH PROBLEMS TOGETHER IN ORDER TO ENSURE THAT THE ISSUES ARE CLEARLY UNDERSTOOD AND THAT INDIVIDUAL NATIONAL POLICIES WITHIN THE EC ARE COMPATIBLE.

CULTURAL IDENTITY

8. AT THE MEETING ON 26 NOVEMBER, IN A DIRECT REFERENCE TO THE PRIME MINISTER'S SPEECH AT BRUGES, LUBBERS SAID THAT HE AGREED THAT THE EC SHOULD NOT FOLLOW THE MODEL OF THE UNITED STATES. THE COMMUNITY SHOULD RATHER AIM AT A MIXTURE OF NATIONAL AND COMMUNITY SOVEREIGNTY, WITH THE EUROPEAN PARLIAMENT BEING DEVELOPED TO PROVIDE BETTER DEMOCRATIC CONTROL. HE DECLARED THAT HE SHARED THE PRIME MINISTER'S AVERSION TO TOO LARGE A BUREAUCRACY. THE FUTURE OF THE EC SHOULD NOT HOWEVER BE REDUCED TO A DISPUTE ABOUT NATIONAL AND COMMUNITY COMPETENCE. IT WAS BETTER TO BUILD 'FROM THE BOTTOM UP' AS THE EC WENT ALONG.

9. LYING BEHIND ALL THIS ARE QUITE WIDESPREAD DUTCH CONCERNS ABOUT

THE FUTURE OF THEIR CULTURAL IDENTITY. IN PARTICULAR THEY WISH TO SEE THEIR LANGUAGE AND REGIONAL IDENTITY PROTECTED IN THE FACE OF RAPID DEVELOPMENTS IN BROADCASTING AND TELEVISION. THIS WAS A POINT WHICH LUBBERS ALSO MENTIONED TO DELORS LAST WEEKEND.

COMMENT

10. IN ANY BILATERAL DISCUSSION WITH LUBBERS IT WOULD BE USEFUL TO TAKE HIM THROUGH OUR VIEWS ON FISCAL HARMONISATION AND ''SOCIAL EUROPE''. PARTICULARLY IN THE LATTER FIELD, THE GOVERNMENT'S THINKING APPEARS STILL TO BE IMPRECISE AND IT WOULD BE USEFUL TO HEAD DUTCH MINISTERS AWAY FROM IDEAS ABOUT WORKER PARTICIPATION TO WHICH THEY MAY BE ATTRACTED. LUBBERS DOES SEEM PERSONALLY TO UNDERSTAND THE IMPORTANCE OF NOT SADDLING INDUSTRY WITH OBLIGATIONS WHICH ARE LIKELY TO IMPAIR ITS PRODUCTIVITY.

11. FCO PLEASE ADVANCE TO KERR, AND LAVELLE (CABINET OFFICE).

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