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VISIT TO THE NETHERLANDS BY PRESIDENT MITTERRAND

SUMMARY

1. DISCUSSIONS MAINLY ON EASTERN EUROPE, EMU, SOCIAL EUROPE. MITTERRAND SEEKING ENDORSEMENT OF IDEAS FOR RAPID MOVEMENT ON COOPERATION OF EASTERN EUROPE AND EUROPEAN DEVELOPMENT BANK, AND AGREEMENT TO AN IGC. THE DUTCH RESPOND CAUTIOUSLY BUT HOPE FOR CONSENSUS AT STRASBOURG.

DETAIL

2. MITTERRAND HAD A ONE HOUR MEETING IN THE HAGUE WITH LUBBERS AND VAN DEN BROEK FOLLOWING LUNCH WITH QUEEN BEATRIX ON 20 NOVEMBER. DUTCH OFFICIALS HAVE GIVEN US AN OUTLINE OF THE DISCUSSIONS.

EASTERN EUROPE

3. THE DUTCH HAD BEEN SURPRISED THAT MITTERRAND HAD REOPENED SUBJECTS COVERED AT THE ELYSEE DINNER ON 18 NOVEMBER. MITTERRAND HAD ARGUED THAT IT WOULD BE WRONG TO BE TOO CAUTIOUS ABOUT CONDITIONS FOR WESTERN ECONOMIC CO-OPERATION FOR EASTERN EUROPE. WITHOUT EFFECTIVE EARLY HELP THERE COULD BE REACTION AGAINST THE WHOLE PROCESS BEGUN BY GORBACHEV. TO WAIT FOR THE COMPLETION OF ELECTIONS WOULD BE A MISTAKE. HE HAD RAISED AGAIN FRENCH IDEAS FOR A EUROPEAN DEVELOPMENT BANK AND PRESSED THE DUTCH TO GIVE THIS FULL SUPPORT.

4. DUTCH MINISTERS REPLIED CAUTIOUSLY. LUBBERS SAID THAT IT WAS IMPORTANT FOR THE WORLD BANK/IMF PROCESSES TO BE CARRIED THROUGH. THEY MADE NO FIRM COMMITMENTS ON THE BANK OR THE PROPOSED TROIKA COMMITTEE OTHER THAN THAT THEY WOULD LOOK AT THE IDEAS FOR NEW STRUCTURES. BUT LUBBERS AGREED ON THE IMPORTANCE OF FINDING EFFECTIVE WAYS TO SUPPORT THE GROWTH OF MORE DEMOCRACY IN EASTERN EUROPE.

EMU

5. MITTERRAND URGED SUPPORT FOR PROGRESS ON THE DELORS PROPOSALS AND FOR FIXING A DATE FOR AN IGC. LUBBERS STRESSED THAT AN EFFORT SHOULD BE MADE TO REACH CONSENSUS. HE MADE CLEAR HOWEVER THAT THE NETHERLANDS WOULD NOT BE OPPOSED IN PRINCIPLE TO A PROCEDURAL

DECISION BY THE EUROPEAN COUNCIL FOR AN IGC TO BE CONVENED BY THE END OF 1990, PROVIDED THAT QUOTE FULL AND ADEQUATE PREPARATION UNQUOTE WAS MADE FOR A CONFERENCE. IN PARTICULAR THE DUTCH WOULD BE LOOKING FOR AGREEMENT TO THREE POINTS: THE POLITICAL INDEPENDENCE OF A CENTRAL BANK, THE GOAL OF PRICE STABILITY, AND NO FINANCING OF BUDGET DEFICITS. LUBBERS ALSO MADE CLEAR THAT THE DUTCH, IN ENVISAGING A START TO THE PROCESS DID NOT WISH TO AGREE A DEADLINE FOR ITS COMPLETION. THE FRENCH AGREED THAT MORE WORK NEEDED TO BE DONE OVER DEFINING THE ROLE OF A CENTRAL BANK.

6. THE DUTCH ASKED WHETHER THE FRENCH WOULD BE ABLE TO MOVE QUICKLY TO FREEDOM OF CAPITAL MOVEMENTS. MITTERRAND REPLIED THAT THE FRENCH HAD TO DISCUSS THIS FURTHER WITH LUXEMBOURG. THEY WANTED ADEQUATE RULES ON TAXATION FRAUD BUT THEY EXPECTED TO BE ABLE TO REACH AGREEMENT.

#### SOCIAL EUROPE

7. MITTERRAND STRESSED THE NEED TO REACH AGREEMENT ON A CHARTER AT STRASBOURG. LUBBERS REPLIED THAT THE DUTCH HAD AGREED TO THE DRAFT FOR A CHARTER BUT THAT THE TEXT NEED NOT BE IMMUTABLE. ANY UK IDEAS SHOULD BE EXAMINED ON THEIR MERITS.

#### OTHER POINTS

8. THE DUTCH TOLD MITTERRAND THAT THEY MIGHT WISH TO SUGGEST OTHER POINTS FOR THE COUNCIL, INCLUDING FISCAL HARMONISATION, ON WHICH PROGRESS WAS STALLED, AND GERMAN IDEAS FOR A ROAD TAX. THEY WERE PARTICULARLY CONCERNED TO HARNESS OPPOSITION WITHIN THE EC AGAINST THE GERMAN IDEAS AND WERE CONSIDERING AN INITIATIVE TO TRY AND FIND AN ACCEPTABLE FORMULA.

9. MITTERRAND CONFIRMED THAT THE PRESIDENCY INTENDED THAT THE COORDINATORS FOR FREE MOVEMENT AND FOR DRUGS SHOULD REPORT TO THE EUROPEAN COUNCIL.

#### COMMENT

10. MITTERRAND'S REMARKS TO THE PRESS AFTER THE DISCUSSIONS GAVE THE IMPRESSION THAT HE WAS CONTENT WITH THE WAY THE TALKS HAD GONE. ALTHOUGH LUBBERS WAS PRESSED BY JOURNALISTS AS TO WHETHER AGREEMENT TO THE THREE POINTS SPECIFIED IN PARAGRAPH 5 ABOVE WAS A PRECONDITION FOR HOLDING AN IGC IN 1990, HE REFUSED TO BE DRAWN. NOR HAVE OFFICIALS TO WHOM WE HAVE SPOKEN BEEN ABLE TO CLARIFY WHAT IS INTENDED. SOME BRIEFING HAS SUBSEQUENTLY BEEN GIVEN TO THE PRESS, HOWEVER, THAT THE CONDITIONS SHOULD NOT BE TAKEN AS AN EXCUSE UNDULY TO DELAY MATTERS. I CONCLUDE THAT HERE IS STILL SOME FLEXIBILITY IN

THE DUTCH POSITION, BUT THAT THEY HAVE MOVED A LITTLE CLOSER TO THE  
FRENCH IN RESPECT OF AN IGC.

JENKINS

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