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FRAME GENERAL

STRASBOURG EUROPEAN COUNCIL: DUTCH OBJECTIVES

SUMMARY

1. THE DUTCH HOPE THAT THE STRASBOURG EUROPEAN COUNCIL CAN BE USED TO REINFORCE THE COHESION OF THE COMMUNITY. THEY ARE READY TO SUPPORT HOLDING AN IGC ON EMU IN 1990 UNDER CERTAIN CONDITIONS. THEY AGREE TO THE SOCIAL CHARTER. CONDITIONAL SUPPORT FOR THE IDEA OF A EUROPEAN DEVELOPMENT BANK.

DETAIL

2. LUBBERS AND VAN DEN BROEK WILL BE GOING TO STRASBOURG PREOCCUPIED BY THE SITUATION IN EASTERN EUROPE AND ITS SIGNIFICANCE FOR THE DEVELOPMENT OF THE EC. THIS WILL CONDITION THEIR ATTITUDE TO THE SUBJECTS ON THE EUROPEAN COUNCIL AGENDA. IN RECENT WEEKS THEY HAVE EXPRESSED THEMSELVES MORE CLEARLY IN FAVOUR OF THE VIEW THAT DEVELOPMENTS IN EASTERN EUROPE NECESSITATE REINFORCING THE POLITICAL AND ECONOMIC COHESION OF THE EC. AT THE SAME TIME THEY HOLD STRONGLY THAT THE PRINCIPLE OF SUBSIDIARITY SHOULD UNDERLIE EC POLICY-MAKING.

EMU

3. VAN DEN BROEK MADE CLEAR AT A MEETING TODAY WITH EC AMBASSADORS THAT THE DUTCH SUPPORT THE PROPOSAL FOR HOLDING AN IGC AT THE END OF 1990, BUT ON CONDITION THAT IT IS THOROUGHLY PREPARED. THEY SEE SUCH A DECISION AS PROVIDING AN IMPORTANT SIGNAL THAT THE EC WISHES TO PRESS AHEAD WITH ECONOMIC AND POLITICAL INTEGRATION. THIS MEANS THAT VAN DEN BROEK'S BELIEF IN THE SYMBOLIC IMPORTANCE OF FIXING A DATE HAS PREVAILED OVER THE MORE CAUTIOUS LINES ADVOCATED BY THE TWO SUCCESSIVE MINISTERS OF FINANCE, RUDING AND KOK.

4. LUBBERS MADE IT CLEAR TO THE DUTCH PARLIAMENT ON 27 NOVEMBER THAT DUTCH SUPPORT FOR AN IGC WAS CONDITIONAL ON THE COMPLETE LIBERALISATION OF CAPITAL MOVEMENTS, AND ON AGREEMENT THAT THE COMMUNITY WOULD WORK OUT THE VARIOUS ELEMENTS OF EMU BEFORE AN IGC

BEGAN. THE DUTCH ALSO WANT TO SEE COMPLETED A FULL STUDY OF THE MODALITIES OF AN INDEPENDANT CENTRAL MONETARY AUTHORITY, WHICH THEY BELIEVE SHOULD BE AUTONOMOUS, AND SHOULD HAVE PRICE STABILITY AS ONE OF ITS EXPLICIT OBJECTIVES.

SOCIAL EUROPE

5. THE DUTCH ARE READY TO AGREE TO THE PROPOSED SOCIAL CHARTER. ONCE AGAIN THE SYMBOLIC IMPORTANCE OF AGREEING THE DOCUMENT OUTWEIGHS CONCERNS THEY MAY HAVE OVER ITS FOLLOW-UP. ON THE LATTER, THEY STAND READY TO FIGHT THEIR CORNER WITHIN THE EC MACHINERY ON THE SEPARATE PROPOSALS TO BE PUT FORWARD BY THE COMMISSION. THEY UNDERSTAND OUR DIFFICULTIES BUT DO NOT SHARE OUR OBJECTIONS TO THE DOCUMENT. WITH THE DUTCH LABOUR PARTY NOW IN GOVERNMENT, MINISTERS ALSO TAKE THE VIEW THAT A DEMONSTRATION IS NEEDED THAT THE SINGLE MARKET IS NOT BEING CREATED ONLY WITH BUSINESS INTERESTS IN MIND.

SINGLE MARKET

6. THE DUTCH ARE ANXIOUS TO MAINTAIN THE MOMENTUM AND WOULD I BELIEVE BE SYMPATHETIC TO THE IDEA OF AGREEING A FURTHER PACKAGE OF SINGLE MARKET MEASURES. THEY ARE ALSO ANXIOUS TO SEE PROGRESS OVER A COMMON TRANSPORT POLICY AND MAY RAISE AT STRASBOURG THE GERMAN PROPOSALS FOR A NEW ROAD TAX (IF THE ISSUE IS NOT ADEQUATELY RESOLVED AT THE TRANSPORT COUNCIL) AS AN ILLUSTRATION OF THE NEGATIVE CONSEQUENCES OF THE ABSENCE OF A COMMON POLICY.

EC/EASTERN EUROPE

7. THE DUTCH BELIEVE THAT THERE IS AN URGENT REQUIREMENT FOR THE EC TO GIVE ECONOMIC ENCOURAGEMENT TO ECONOMIC AND POLITICAL REFORM IN EASTERN EUROPE. THEY HAVE AN OPEN MIND AS TO WHETHER THE FRENCH IDEAS FOR A EUROPEAN DEVELOPMENT BANK ARE NECESSARILY THE BEST VEHICLE FOR THIS. WHILE THEY MAY BE READY TO ENDORSE THE PRINCIPLE OF CREATING A NEW INSTITUTION FOR THE PURPOSE OF CHANNELLING FUNDS TO EASTERN EUROPE, THEY BELIEVE THAT ALL OPTIONS SHOULD BE EXAMINED BY A HIGH LEVEL GROUP AS SOON AS POSSIBLE AFTER THE EUROPEAN COUNCIL. THEY HAVE SOME CONCERN THAT A NEW FULL-BLOWN BANK WOULD TAKE MONTHS TO SET UP.

8. ON THE WIDER ISSUE OF RELATIONS BETWEEN THE EC AND THE COUNTRIES OF EASTERN EUROPE, DUTCH THINKING REMAINS NECESSARILY TENTATIVE. THE DUTCH TOOK A LEAD LAST YEAR IN SUGGESTING THAT FURTHER USE SHOULD BE MADE OF THE COUNCIL OF EUROPE IN THIS CONTEXT. THEY BELIEVE THAT THE COUNCIL COULD BE USED AS AN INTERIM MEANS OF DEVELOPING RELATIONS WHILE FURTHER CONSIDERATION IS GIVEN TO THE EC/EAST EUROPEAN OVERALL RELATIONSHIP. THEY ALSO THINK THAT THE ARRANGEMENTS BEING DEVELOPED

BETWEEN THE EC AND THE EFTA COUNTRIES COULD SERVE AS A MODEL FOR THE FUTURE. MEANWHILE THEY REMAIN VERY CAUTIOUS OVER THE POSSIBILITY OF FURTHER EC ENLARGEMENT THROUGH AUSTRIAN ACCESSION, OR EVEN THE ACCESSION OF EAST EUROPEAN STATES.

SUPPORT FOR CONSENSUS

9. LUBBERS INSTINCT TO AIM FOR AS MUCH CONSENSUS AS POSSIBLE AT STRASBOURG WILL BE REINFORCED UNDER THE PRESENT CIRCUMSTANCES. A STRONG BELIEF IN THE PRINCIPLE OF SUBSIDIARITY, HIS STRESS ON THE NEED FOR CONDITIONALITY IN RESPECT OF AN IGC, AND HIS CONCERNS OVER SETTING UP A EUROPEAN DEVELOPMENT BANK MAY GIVE US SOME SCOPE FOR WORKING WITH THE DUTCH AT THE EUROPEAN COUNCIL.

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