

MR. DE FONBLANQUE

EUROPEAN COUNCIL, STRASBOURG: HEADS OF GOVERNMENT DINNER

You may find it helpful to have a note of the points which Heads of Government discussed over dinner last night.

EFTA

M. Delors set out at some length the options for future relations between the EC and EFTA on lines which will be familiar to you. All wanted the forthcoming negotiations to succeed. Several Heads of Government spoke of the need for EFTA to accept obligations as well as the benefits of the single market. EFTA should be challenged to agree to stronger co-ordination. There was some speculation whether one or more Eastern European countries might join EFTA.

Lome

It was noted that a new Lome Agreement had been concluded and approved.

Yugoslavia

Chancellor Kohl raised the subject of Community assistance to Yugoslavia.

Latin America

Gonzalez made a plea for a strengthening of relations with Latin America. There was mention of the scope for a new International Coffee Agreement, but Delors explained the difficulties. Gonzalez and several others wanted to send a message of encouragement to Aylwin in the forthcoming Presidential elections in Chile. This was contested by the Prime Minister who said we should wait until the results of the election were known before sending any message from the Community.

Middle East

Andreotti spoke at length on the need for the Community to exercise influence on Israel, through its relationship with the EC. President Mitterrand raised the Lebanon. There was general support for the Taif Agreement. President Mitterrand said that President Hrawi enjoyed legitimacy, and was acting with some subtlety. But his legitimacy did not mean he could act to settle Lebanon's problems in a bloodbath. He should offer dialogue. The Soviets claimed to have warned Assad against a further attack on Aoun's forces in East Beirut. Syria should renounce its ambitions.

East/West Relations

There was quite an extensive discussion with general support for confirming and giving concrete form to the conclusions reached at the meeting in Paris of EC Heads of Government on 18 November. Several Heads of Government spoke of the need to put the question of frontiers on one side and be bound by the provisions of the Helsinki Final Act. The Helsinki conclusions must be protected. Lubbers said that one had to be realistic about Chancellor Kohl's 10 point plan: its effect would be to encourage reunification. There were dangers in talking about self-determination, given the very large number of ethnic groups in Europe. It was better not to talk of one German people. The EC's help should be directed to promoting democratization in Eastern Europe, including in a separate East Germany.

Chancellor Kohl claimed that Germany had paid for the last war by losing one-third of its territory. He asserted that the position of Germans in the Soviet Union, Poland, Hungary and Rumania was not in question: they should remain in their homes (although the FRG would continue to 'buy out' Germans from Rumania - there was no other option). In the Soviet Union Gorbachev wanted to restore a German republic on the Volga. Germans in Poland had the possibility of using their own language, although the Catholic Church was

uneasy about this. On the subject of borders, it had been recognised since Adenauer's time that they should be left to a Peace Treaty to settle. The Oder-Neisse line should not become a legal issue. We should let history take its course. Kohl continued that the future architecture of Germany should be related to Europe and to the CSCE. But it must be recognised that anyone was entitled to self-determination. A German must be able to speak of reunification. The next step should be genuinely free elections in East Germany, after which a contractual relationship between the two Germanies could be established. He more than anyone else feared a neutral Germany: Germany must be anchored in the EC and NATO. The current debate was about the future of the two German states and must respect the Helsinki accords. Present frontiers should be respected. (This is not all consistent, but reflects Kohl's rather muddled approach.) Finally he emphasised the importance of EC help to Poland and Hungary. If their efforts to achieve reform collapsed, there would be no hope for the GDR.

Eastern Europe Development Bank

There was some quite brief discussion of the Development Bank for Eastern Europe, with the emphasis on extending it beyond Europe, to draw on capital from Japan, Korea and the US. Hence the need to have an institution in addition to the EIB. There was a general disposition to agree to it in principle, while remitting details to ECOFIN to ensure that it was operated soundly and effectively. The Prime Minister did not contest this conclusion (having had to contest many others during the day).

(C.D. POWELL)

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