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 PRIME MINISTER

GERMAN UNIFICATION/EC

You may like to look at the attached paper by the Foreign Office on the EC implications of German unification. It is quite a useful survey of the problems which have to be addressed. It underlines:

- the potential costs for other member states from absorption of the GDR
- the difficulties there will be once unification has taken place, of disentangling goods and costs which originate in the GDR from those in the FRG. With no international border, there will have to be very careful monitoring.

It is very much a first effort for discussion at official level.

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