

MEETING RECORD

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From the Private Secretary

23 February 1990

GERMAN UNIFICATION: THE WIDER CONSEQUENCES

The Prime Minister and the Foreign Secretary had a talk this afternoon about initiatives which the United Kingdom might take on the future architecture of Europe, in the wake of German unification.

The Foreign Secretary said we must not appear to be a brake on everything. Rather we should come forward with some positive ideas of our own. We had been successful in securing a proper forum for discussion of the consequences of unification. But we needed to look beyond that. He thought the most promising area would be to work up a plan for strengthening and expanding the CSCE framework. In essence, the purpose would be to add support for democracy and a market economy to the existing purposes of the Helsinki Agreement, and possibly to give it some additional machinery, for instance for monitoring arms control agreements. We might also examine to what extent the Council of Europe could be brought into a closer relationship with the CSCE framework. He would have some ideas worked up, with the aim of providing material for the speech which the Prime Minister would give at the Konigswinter Dinner at the end of March. The Prime Minister indicated she would be very ready to consider any ideas.

The Foreign Secretary continued that we needed to follow a similar approach in regard to the European Community, and try to get ahead of the curve by putting forward some ideas of our own about the Community's future. The Prime Minister recalled that we had in fact taken successful initiatives in the Community, for instance with the Single Market, and reform of the CAP and the Community's budget. We could not commit ourselves to Stages 2 and 3 of Delors: nor was it feasible to join the ERM for now. More generally she was not prepared to lead the United Kingdom into a European federation. The Foreign Secretary agreed this should in no way be the Government's aim. Nor did he see much future in meeting our initiatives in the economic and monetary field, although there was a need to give more substance to our ideas on what might follow Delors Stage 1. One area which might be worth exploring was that of giving more substance to Delors' principle of subsidiarity. It was likely that in the course of the year we would be confronted with agreement by others to hold an IGC on reform of the Community's institutions. It would be no

SECRET

- 2 -

good putting forward ideas at this which had no chance of attracting support. Although he would not wish to see the Commission given any additional power, it was not realistic to aim to reduce those which it had already.

The Prime Minister suggested that one answer might lie in trying to shift the focus of activity from development of the Community to building a wider European association, embracing EFTA and the Eastern European countries, and in the long term the Soviet Union. There was a link here with the Foreign Secretary's proposal for strengthening the CSCE framework. She was also struck by President Mitterrand's success in proposing institutions which extended beyond the Community, for instance EUREKA and the European Development Bank. She wondered whether we could not come up with something similar in a different field. Generally speaking she would not want to see anything proposed which led to a more rigid and restrictive Europe: her interest was in seeing a Europe of opportunity and greater openness.

The Foreign Secretary said he would reflect further on the discussion and let the Prime Minister have some suggestions.

(CHARLES POWELL)

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