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NOTE FOR THE RECORD

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Mr de Fonblanque
Heads of Section

by
MBE

INFORMAL EUROPEAN COUNCIL : 28 APRIL

1. Mr Powell and I lunched with the Secretary-General of the Commission on 16 March. The conversation focussed on the April informal European Council.
2. We discussed the form of any conclusions. I put the case for avoiding written conclusions of any sort; it was an informal not a formal meeting; much time would be consumed over verbal haggling if any text appeared at or after lunch; any text, however bland, would be divisive, given the sensitivities over German unification. It would be better if Mr Haughey could be armed with half a dozen, largely procedural, oral conclusions with which to sum up each of the two main discussions (German Unification, East European association). Mr Powell said he believed that would be the Prime Minister's firm preference: she had considered the November Elysee dinner format the right one for an informal meeting and would wish to see it repeated. He would consider having a word with Mr Nally on those lines. Mr Williamson took the same view and said he would advise President Delors in that sense.
3. Mr Williamson then trailed the Commission's paper on German unification which he was beginning to draft. It would be pretty short: and more analytical than prescriptive. The issue of maintaining an internal frontier, at least up to 31.12.92, would be aired although not espoused (the Germans themselves were pushing hard to maintain controls at the I.G.B. principally to protect the FRG from Trabant cars!). There might be some reference to pre-accession aid but this would be financed from the new Central and Eastern Europe sub-line in the Financial Perspectives.

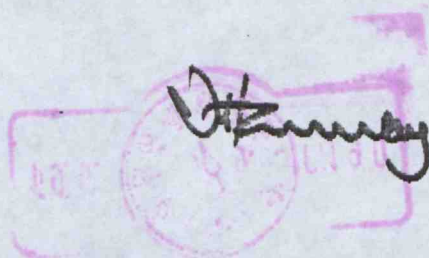
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Perspectives. There would be references to transitional periods for agriculture and a number of other issues. The Structural Fund argument was leaning away from Objective 1 and towards Objective 2 and 5(b). Mr Powell made it clear that ambitious plans for pre-accession aid would not be welcome. I said it might be better, so far as the GDR was concerned, to stick to multilateral technical assistance such as the Training Foundation and TEMPUS. The E.B.R.D. and E.I.B.'s activities in encouraging private sector investment could also have a role to play. In addition I registered the following points :

- (i) There must be no question of an agricultural transitional period with GDR prices higher than EC ones. Mr Williamson agreed.
 - (ii) It might be better to leave the EC stabilisers alone until the February 1988 decisions came up for review. GDR production could be assessed separately on the basis of pre-unification production levels.
 - (iii) On fisheries, the FRG quotas were heavily under-used, so there was a good deal of scope for accommodating the GDR. (this was a new point for Mr Williamson who thought the main fisheries issue would be laying-up aid).
4. I asked Mr Williamson whether EMU would be raised at the April meeting. There was no case for such a discussion since the Strasbourg communique had foreseen one at the June European Council. Any premature discussion at Head of Government level would be divisive. Mr Williamson agreed on both points which he would put to President Delors.
5. Mr Williamson said there would inevitably be much talk of what most member states called acceleration and the UK called steady progress. It should be possible to stick to generalities.

6. On security issues Mr Powell said he thought the Prime Minister would agree with the Delors line that these should not be discussed at the April European Council. The meeting was being held to consider the EC implications of unification. But it was noted that member states other than those involved in the 2+4 talks, were likely to take a different view.

7. Mr Williamson was optimistic that the latest moves by the European Parliament on the Strasbourg/Brussels issue (agreement to hold all normal plenaries ⁱⁿ Strasbourg) would enable the French to unblock the decisions on sites. But I rather think he was whistling in the dark.

A handwritten signature in black ink is written over a pink circular stamp. The stamp contains some illegible text and a central emblem.

19 March 1990

D H A Hannay

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