



the department for Enterprise

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GERMAN UNIFICATION AND THE COMMUNITY STRUCTURAL FUNDS

In OD on ~~27~~ ²⁴ March I pointed out that Eastern Germany would in principle become eligible for the Structural Funds from the date of Unification. We agreed, however, that Germany should pay the lion's share of the cost of restructuring the territory.

Officials discussed the subject in EQO on 2 April, and agreed that it is only realistic to expect Eastern Germany to begin to qualify for the Funds from the date of Unification. Our aim is therefore to minimise the costs.

I am glad that the paper the Commission has now circulated for the Dublin meeting on 28 April says so little about the Funds that you are unlikely to need to say much about them there.

I would have no objection to the Commission's suggestion that the GDR should benefit from EIB, Euratom and ECSC loans before Unification, provided there is no question of subsidising such loans. I see no case for a special Community aid programme for the GDR before Unification.

The Commission has avoided committing itself on the details of Structural Funds assistance after Unification. We shall come to that later. The prospective cost will much depend on which of the Funds' Objectives Eastern German regions may be proposed to qualify for.



Recycled Paper



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I fear it is becoming increasingly unlikely that the cost of Structural Funds grants to Eastern Germany can be found within the Funds' existing resources up to the end of 1993, since the Commission is hastening to commit these elsewhere. The paper does not mention this point.

I understand that the Federal Government is likely to begin cutting its assistance to its present Eastern border areas, and to West Berlin, already before Unification. This adds point to the suggestion from our officials that the cost of structural Funds aid to Eastern Germany should be offset by reductions in their grants to these other areas.

I am copying this letter to the Prime Minister, to the other members of OD and to Sir Robin Butler.

Johnson
Amos

