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FOLLOWING FROM HANNAY.

EUROPEAN COUNCIL: 28 APRIL

SUMMARY

1. AFTER A STATEMENT BY THE PRESIDENT OF THE EUROPEAN PARLIAMENT, THE MEETING OPENED WITH A LENGTHY TOUR DE TABLE ON GERMAN UNIFICATION (MIFT) FOLLOWED BY A SHORTER DISCUSSION ON EASTERN EUROPE (BELOW). CONCLUSIONS ON THESE TWO SUBJECTS WERE AGREED AFTER LUNCH WITH NO DIFFICULTY. OVER LUNCH HEADS OF STATE AND GOVERNMENT DISCUSSED POLITICAL UNION WHILE FOREIGN MINISTERS DISCUSSED DRUGS, THE CSCE AND LITHUANIA. DRAFT CONCLUSIONS ON ALL THESE POINTS (EXCEPT LITHUANIA) WERE CIRCULATED AFTER LUNCH AND AGREED AFTER A SHORT DISCUSSION. CYPRUS WAS RAISED AT THE END OF THIS MEETING.

2. MY FIVE IFTS COVER: THE DISCUSSION ON GERMAN UNIFICATION, POLITICAL UNION, THE MAIN CONCLUSIONS AND THE CONCLUSIONS ON THE CSCE AND CYPRUS. ALL OTHER POINTS BELOW. COMMENT WILL FOLLOW IN SEPARATE TELEGRAM FROM UKREP BRUSSELS.

DETAIL

EASTERN EUROPE

3. HAUGHEY (PRESIDENCY) SUGGESTED THAT THE CONCLUSIONS SHOULD WELCOME THE CHANGES IN EASTERN EUROPE AND CALL ON THE COMMUNITY TO PLAY A LEADING ROLE AND ACCELERATE THE MOVEMENT TO DEMOCRATIC GOVERNMENT AND MARKET ECONOMIES. THERE SHOULD BE AGREEMENT TO EXTEND G-24 ACTION TO THOSE EAST EUROPEAN COUNTRIES NOT NOW COVERED AND TO NEGOTIATE ASSOCIATION AGREEMENTS WITH THEM WHICH SHOULD NOT RULE OUT ACCESSION BUT SHOULD NOT BE FRAMED AS STEPPING STONES TO ACCESSION. THEY SHOULD BE PUT INTO EFFECT BY THE END OF 1991. ANDREOTTI (ITALY) SUGGESTED THE DRAWING UP OF A MODEL ASSOCIATION AGREEMENT FOR EAST

EUROPEAN COUNTRIES. THE CONCLUSIONS MUST NOT FUEL ANXIETY ABOUT FORTRESS EUROPE. NOR MUST THEY LEAD TO A REDUCTION IN THE COMMUNITY'S COMMITMENT TO THE REST OF THE WORLD.

4. EYSKENS (BELGIUM) STRESSED THE IMPORTANCE OF PRIVATE INVESTMENT IN EAST EUROPEAN COUNTRIES. HE REGRETTED THAT THE EBRD STATUTES HAD NOT INCLUDED THE BELGIAN IDEA OF FINANCING OR REINSURING PRIVATE INVESTMENT. THERE SHOULD BE A COMMUNITY INSTRUMENT TO PROVIDE SUCH GUARANTEES OR REINSURANCE. HE AGREED THAT ASSOCIATION AGREEMENTS WITH EAST EUROPEAN COUNTRIES MUST NOT BE AT THE EXPENSE OF THE MEDITERRANEAN OR THE THIRD WORLD. HE URGED THE NEED FOR EARLY WORK ON THE EFTA MANDATE. LUBBERS (NETHERLANDS) ALSO URGED THE NEED FOR SPEED ON EFTA. DIFFERENTIATION BETWEEN EASTERN EUROPEAN COUNTRIES WAS NEEDED SO AS TO ENCOURAGE THE DEVELOPMENT OF DEMOCRACY. WHILE ENCOURAGING TRADE WITH EAST EUROPE WE SHOULD ENSURE THAT EXISTING LINKS BETWEEN THEM SURVIVED. CAVACO (PORTUGAL) URGED THE NEED FOR GENUINE RECIPROCITY IN RETURN FOR THE CONCESSIONS MADE BY THE COMMUNITY IN THE FIRST GENERATION AGREEMENTS. THE EFTA COUNTRIES, AS DEMOCRACIES AND MAJOR TRADING PARTNERS, SHOULD BE ON A PRIVILEGED TRACK.

5. ANDRIESSEN (COMMISSION) SAID THE ASSOCIATION AGREEMENTS WOULD BE SPECIFIC TO EACH COUNTRY AND DIFFERENTIATED. HE WAS DOUBTFUL ABOUT THE IDEA OF A 1991 DEADLINE, WHICH WOULD TIE THE COMMUNITY'S HANDS. HE AGREED THAT EXISTING LINKS BETWEEN EASTERN EUROPEAN COUNTRIES MUST BE PROTECTED FOR A PERIOD BUT SOME COUNTRIES WERE ANXIOUS TO DROP THEM. THE BONN AND SOFIA CONFERENCES HAD SHOWN THE IMPORTANT ROLE OF THE COMMUNITY IN THE CSCE. WE SHOULD PAY SPECIAL ATTENTION TO THE SOVIET UNION AND ENCOURAGE PERESTROIKA.

6. RESPONDING ON EFTA, DELORS SAID IT WAS NATURAL THAT POSITIONS SHOULD BE HARDENING AS THE CRUNCH POINT APPROACHED. THERE WERE THREE MAIN PROBLEMS: EXCESSIVE REQUESTS FOR DEROGATIONS FROM THE SINGLE MARKET WHICH MUST BE MODERATED, THE DEMAND FOR CO-DECISION WHICH WAS UNACCEPTABLE AND THE COMMISSION'S DEMAND FOR EFTA TO REINFORCE ITS STRUCTURES.

7. SCHLUTER (DENMARK) AGREED ON THE IMPORTANCE OF THE EFTA NEGOTIATIONS. THE COMMUNITY SHOULD BE READY TO ACCEPT NEW MEMBERS, SUCH AS AUSTRIA IF THEY WERE READY TO ACCEPT THE RULES. AT THIS POINT HAUGHEY NOTED THAT DRAFT CONCLUSIONS WOULD BE CIRCULATED AND ADJOURNED THE MEETING FOR LUNCH.

DRUGS

8. OVER LUNCH THE FOREIGN MINISTERS DISCUSSED A DRAFT TEXT ON DRUGS CALLING FOR A REPORT FROM THE COORDINATORS GROUP ON MEASURES TO BRING ABOUT MORE EFFECTIVE COORDINATION AND ON PRIORITIES FOR ACTION BY THE COMMUNITY AND MEMBER STATES. GENSCHER (GERMANY) SAID THAT THE COMMISSION SHOULD DO THE WORK. IT WAS AGREED THAT THE COORDINATORS GROUP SHOULD BE ASKED TO ACT IN CLOSE CONSULTATION WITH THE COMMISSION. IN THE SUBSEQUENT PLENARY SESSION A REFERENCE TO INTERNATIONAL ORGANISED CRIME WAS ADDED TO THE TEXT AT THE REQUEST OF KOHL AND LUBBERS.

CSCE

9. OVER LUNCH FOREIGN MINISTERS ALSO DISCUSSED A TEXT WHICH HAD BEEN DRAWN UP BY POLITICAL DIRECTORS SUGGESTING THAT THE WORK OF THE PREPARATORY COMMITTEE FOR THE CSCE SUMMIT SHOULD START IN VIENNA IN JULY AND THAT THE SUMMIT ITSELF SHOULD TAKE PLACE IN PARIS. THE SECRETARY OF STATE AND DEMICHAELIS (ITALY) ARGUED THAT IT WAS NOT FOR THE TWELVE TO DECIDE ON THE VENUE OF THE CSCE MEETINGS. OTHER SUGGESTED THAT THE TWELVE SHOULD SIMPLY STATE A PREFERENCE. THE TEXT WAS AGREED ON THIS BASIS.

LITHUANIA

10. EYSKENS (BELGIUM) DESCRIBED THE DETERIORATING SITUATION IN LITHUANIA AND SAID THE LITHUANIANS WANTED HELP WITH MEDICAL SUPPLIES. HE HAD ASKED NGOS IF THEY COULD HELP. COLLINS (PRESIDENCY) SAID THE COMMISSION HAD RECEIVED A REQUEST FOR HELP WHICH THEY WERE CONSIDERING. ELLEMANN-JENSEN (DENMARK) SAID THAT THE KOHL/MITTERRAND LETTER WAS SURPRISING AND UNHELPFUL AND UNDERMINED THE PROCESS OF POLITICAL COOPERATION. DENMARK WAS SPENDING ONE MILLION DOLLARS TO HELP LITHUANIA THROUGH THEIR RED CROSS. VAN DEN BROEK (NETHERLANDS) SAID THAT HE TOO HAD BEEN SURPRISED BY THE LETTER. IT CAME ODDLY AFTER THE TWELVE'S EFFORTS AT COORDINATION AND ALL THE RECENT TALK ON POLITICAL UNION. HE THOUGHT IT WOULD BE APPROPRIATE TO PROVIDE HUMANITARIAN AID. DUMAS (FRANCE) SAID THAT THE LETTER HAD BEEN WELL RECEIVED BY THE LITHUANIANS. YOU SUGGESTED THAT THE COMMISSION SHOULD LOOK AT WHAT SHOULD BE DONE AND THE OPPORTUNITIES FOR HUMANITARIAN AID AND REPORT TO THE NEXT FOREIGN AFFAIRS COUNCIL. THIS WAS AGREED.

CYPRUS

11. AT THE END OF THE AFTERNOON SESSION MITSOTAKIS (GREECE) SAID THE INTERCOMMUNAL DIALOGUE HAD RUN INTO PROBLEMS BECAUSE DENTKASH WAS NOT STICKING TO UN SECURITY COUNCIL RESOLUTION 499/90. YOU POINTED OUT THAT THE UN SECRETARY GENERAL'S WORK WAS CONTINUING. HAUGHEY PROPOSED THE TEXT OF THE CONCLUSIONS, CALLING FOR A PROMPT RESUMPTION

OF TALKS AS REAFFIRMED BY THE SECURITY COUNCIL RESOLUTION. THESE WERE AGREED.

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FOLLOWING FROM HANNAY

EUROPEAN COUNCIL:28 APRIL :GERMAN UNIFICATION

SUMMARY

1. UNIVERSAL SUPPORT FOR THE COMMISSION'S PAPER. PRESIDENCY DRAFT CONCLUSIONS ADOPTED WITH NO SUBSTANTIVE CHANGES. NO PRESSURE FOR AGREEMENT ON PRE-UNIFICATION AID, ONCE KOHL HAD SAID THAT HE WAS NOT SEEKING IT. IN A MAJOR STATEMENT, KOHL EMPHASISED GERMANY'S COMMITMENT TO THE COMMUNITY AND TO NATO AND SAID HE THOUGHT THERE MIGHT BE A TRANSITIONAL PERIOD OF THREE TO FIVE YEARS FOR THE REMOVAL OF SOVIET TROOPS FROM THE GDR.

DETAIL

2. DELORS(COMMISSION) INTRODUCED THE COMMISSION'S PAPER. THEY HAD RECEIVED ALL THE INFORMATION THEY NEEDED FROM THE GERMANS. THE GDR HAD ALSO ASKED FOR A MEETING WITH THE COMMISSION. HE EXPECTED THE FIRST STAGE UP TO UNIFICATION, TO LAST FOR 18 MONTHS AFTER GMU. DURING THIS PHASE THE COMMISSION MUST BE FULLY ASSOCIATED WITH NEGOTIATIONS BETWEEN THE TWO GERMANIES SO AS TO ENSURE CONFORMITY WITH COMMUNITY RULES. THE MAIN PROBLEM AREAS WOULD BE IN THE FIELDS OF TRADE, COMPETITION, AGRICULTURE AND FISHERIES. FREE MOVEMENT OF GDR CITIZENS WOULD NOT BE A REAL PROBLEM. AID WOULD BE NEEDED TO HELP THE GDR TO ADAPT AND THIS WOULD COME MAINLY FROM THE FRG, BUT COULD ALSO COME FROM THE G24 AND COULD INCLUDE EIB, EURATOM AND ECSC LOANS. A DECISION WAS NEEDED ON THE QUESTION OF A SPECIAL PRE-ACCESSION AID PROGRAMME, SIMILAR TO THAT FOR PORTUGAL. IN THIS SECOND, POST UNIFICATION PHASE, HE SAW THE NEED FOR MEASURES IN RELATION TO THE GDR'S EXTERNAL COMMITMENTS(IT HAD 140 TREATIES WITH THE USSR ALONE): DEROGATIONS FROM THE ACQUIS, IN PARTICULAR FOR AGRICULTURE AND

FISHERIES: THE STRUCTURAL FUNDS, (ON WHICH CIRCUMSTANCES WOULD DICTATE WHETHER OBJECTIVES 1, 2 OR 5B WERE INVOLVED): AND ENVIRONMENT WHERE A PROGRAMME OVER SEVERAL YEARS BUT NO AMENDMENT TO THE TREATY WAS NEEDED.

3. KOHL (GERMANY) SUPPORTED THE COMMISSION'S PAPER GERMANY WOULD CONSULT FULLY WITH THE COMMUNITY AND WITH NATO. HE HAD INSTRUCTED ALL HIS MINISTERS TO KEEP THEIR COMMUNITY COLLEAGUES FULLY INFORMED. THE PROCESSES OF GERMAN UNIFICATION AND EUROPEAN INTEGRATION WERE INEXTRICABLY LINKED. A CRUCIAL DATE WOULD OCCUR IN THE LAST THIRD OF 1991, WHEN THERE WOULD BE ALL-GERMAN ELECTIONS. HE WAS GRATEFUL FOR HIS COLLEAGUES' SUPPORT BUT DID NOT WANT SPECIAL FUNDS. HE DID NOT WANT THE MEDITERRANEAN ASSOCIATES, FOR EXAMPLE, TO SUFFER. BUT CLOSE COOPERATION WOULD BE NEEDED ON THE ENVIRONMENT, AGRICULTURE AND FISHERIES, THOUGH HE DID NOT REGARD THE LATTER AS A MAJOR PROBLEM. IT WAS NOT GERMANY'S PRIME AIM TO GET MONEY FROM THE COMMUNITY. MODROW HAD FAILED TO UNDERSTAND THE CHAOTIC SITUATION, WITH 100,000 EMIGRES IN MID-JANUARY, MAINLY PROFESSIONALS AND EXPERTS. THE OFFER OF GEMU HAD BEEN ESSENTIAL. THE ELECTIONS, THE FIRST SINCE 1932, HAD LED TO GREAT EXPECTATIONS BUT THERE WERE STILL DEEP FEARS IN THE GDR POPULATION- THERE HAD BEEN A 100,000 STASI, EACH WITH 10 INFORMERS, FOR A POPULATION OF 16 MILLION. THIS WAS A HIGHER RATION THAN UNDER THE GESTAPO.

THE SITUATION NOW WAS THAT QUESTIONS WERE BEING ASKED AND ACCOUNTS SETTLED. NEVERTHELESS A BROAD BASED GOVERNMENT HAD BEEN PUT TOGETHER WITHIN FOUR WEEKS, WITH WHICH HE WAS IN DAILY CONTACT.

THE FRG HAD BEEN RESPONSIBLE IN THE OFFER IT HAD MADE, BEARING IN MIND OTHERS' INTERESTS IN INFLATION AND INTEREST RATES. THERE SHOULD BE NO NEED FOR TAX INCREASES. DEVELOPMENT COULD BE FUNDED FROM SURPLUSES AND RE-ALLOCATION, AND HE EXPECTED A FLOURISHING MARKET ECONOMY TO EMERGE IN FOUR TO FIVE YEARS. HE HOPED OTHER MEMBER STATES WOULD INVEST IN THE GDR.

4. GERMAN UNIFICATION MUST NOT PUT AT RISK THE MAJOR OBJECTIVES OF EAST-WEST RELATIONS INCLUDING DISARMAMENT AND DETENTE. THESE MUST BE DEALT WITH IN NATO. NOTHING WOULD CHANGE GERMANY'S ADHERENCE TO NATO- THERE WAS UNANIMITY AND THE WARSAW PACT WOULD EVOLVE. AS REGARDS THE STATIONING OF SOVIET TROOPS IN THE GDR HE WAS READY TO ACCEPT A TRANSITIONAL PERIOD OF THREE TO FIVE YEARS. IT WAS ESSENTIAL TO DEAL WITH THE GDR'S COMMITMENTS IN A WAY WHICH DID NOT DE-STABILISE THE USSR. THE TWO PLUS FOUR DISCUSSIONS WOULD BE COMPLETED AND THE CSCE MEETING SHOULD TAKE NOTE OF THE RESULTS. THE ONLY PROBLEM LEFT WAS THE POLISH FRONTIER ON WHICH HE HAD AGREED WITH DEMAZIERE THAT THE TWO PARLIAMENTS WOULD ADOPT IDENTICAL RESOLUTIONS ON THE SAME DAY TO

THE EFFECT THAT THE PRESENT FRONTIERS WERE DEFINITIVE. THE TWO GOVERNMENTS WOULD SIMULTANEOUSLY INFORM THE POLISH AUTHORITIES OF THESE RESOLUTIONS. AND A UNIFIED GERMAN GOVERNMENT, ONCE IT CAME INTO BEING, WOULD ADOPT THE SAME RESOLUTION. CONCLUDING, HE EMPHASISED THAT THERE WAS MUCH DIFFICULT WORK ON GEMU TO BE COMPLETED BY MID-MAY BUT HE WAS VERY OPTIMISTIC.

5. LUBBERS(NETHERLANDS), ECHOED BY MOST SUBSEQUENT SPEAKERS, WELCOMED KOHL'S STATEMENT AND SUPPORTED THE COMMISSION'S PAPER. MARTENS (BELGIUM) EMPHASISED THE NEED FOR FULL COMMUNITY INVOLVEMENT. SCHLUTER(DENMARK) THOUGHT GERMANY HAD HANDLED THE ISSUE 'ALMOST INCREDIBLY' WELL. ANDREOTTI(ITALY) SPOKE OF THE NEED TO ENSURE THE SURVIVAL OF PERESTROIKA BY SUPPORTING ECONOMIC AND SOCIAL DEVELOPMENT THROUGHOUT EASTERN EUROPE. CAVACO(PORTUGAL) SAID GUARANTEES WERE NEEDED THAT THERE WOULD BE NO DISTORTION OF TRADE. SANTER (LUXEMBOURG) THOUGHT GERMAN UNIFICATION MUST GO HAND IN HAND WITH A COMING TOGETHER OF EUROPE IN THE CULTURAL AND ECONOMIC SPHERES. THE CSCE WAS THE RIGHT FORUM.

6. THE PRIME MINISTER NOTED THAT THE MOVE TO A MARKET ECONOMY WAS EVEN MORE OF A CHALLENGE FOR COUNTRIES OTHER THAN THE GDR WHICH WOULD NOT HAVE THE SUPPORT OF THE FRG. SHE HAD NOTED ALSO CHANCELLOR KOHL'S OFFER NOT TO SEEK SPECIAL FUNDS FOR THE GDR IN THE PRE-UNIFICATION STAGE. WE SHOULD ACCEPT THIS. SHE HAD ALSO NOTED GERMANY'S LOYALTY TO NATO WHICH WAS VITAL TO OUR SECURITY. SHE AGREED THAT THE CSCE WAS THE RIGHT FORUM TO GET THE DEBATE GOING ACROSS THE POLITICAL DIVIDE. WE WERE WATCHING MOVES TOWARDS GEMU WITH INTEREST AND SOME APPREHENSION, AND HOPED THEY WOULD NOT LEAD TO AN INCREASE IN INTEREST RATES. THESE COULD RAISE PROBLEMS FOR JOINING THE ERM, TO WHICH WE WERE COMMITTED. DEROGATIONS FROM THE ACQUIS SHOULD BE SHORT AND SPECIFIC. WHEN DECISIONS WERE TAKEN BY QUALIFIED MAJORITY(UNLIKE A NORMAL ACCESSION NEGOTIATION) ACCOUNT SHOULD BE TAKEN OF OTHER MEMBER 'STATES' INTERESTS. ON TRADE, SHE SAW A MAJOR PROBLEM IN THE SECOND STAGE AFTER THE ABOLITION OF THE GERMAN BORDER. ON AGRICULTURE THERE WAS A RISK OF A SURGE IN PRODUCTION AND WE MUST NOT ALLOW THIS TO UNDERMINE THE CONTROL ACHIEVED OVER CAP EXPENDITURE. FISHERIES WAS, PACE KOHL, LIKELY TO BE A MAJOR PROBLEM WITH THE GDR FLEET TWICE THE SIZE OF THE FRG'S.

7. GONZALES(SPAIN) EMPHASISED THE NEED FOR GERMAN UNIFICATION TO GIVE AN IMPETUS TO EUROPEAN INTEGRATION. HE AGREED WITH ANDREOTTI THAT WE MUST SUPPORT PERESTROIKA IN EASTERN EUROPE. WE MUST NOT GIVE THE EAST EUROPEANS THE IMPRESSION OF A FORTRESS EUROPE AND THE COMMUNITY SHOULD MOVE AHEAD IN THE AREA OF EUROPEAN SECURITY.

MITTERRAND(FRANCE) SAID THE CHALLENGE WAS TO SHOW THAT WE HAD BEEN IN CONTROL OF EVENTS IN THE YEAR IN WHICH THE SOVIET EMPIRE CRUMBLLED. GERMAN UNIFICATION WAS AN ACT OF SELF DETERMINATION: IF WE SUPPORTED SUCH ACTS IN FAR FLUNG COUNTRIES WE MUST OBVIOUSLY SUPPORT THEM IN A CLOSE NEIGHBOUR. GERMANY HAD DEALT WITH ITS RESPONSIBILITIES WITH DETERMINATION. ON THE BORDER ISSUE THERE WERE REAL FEARS IN SOME COUNTRIES BUT HE WAS SATISFIED WITH KOHL'S REPEATED CLARIFICATIONS. ON THE COMMUNITY, THE GERMANS HAD SHOWN THEIR COLOURS AS COMMITTED EUROPEANS. HE HAD BEEN SURPRISED BY KOHL'S STATEMENT ABOUT WITHDRAWAL OF SOVIET TROOPS FROM THE GDR. HE WOULD HAVE EXPECTED A QUICKER TIMETABLE. THIS WAS AN ESSENTIAL PART OF GERMAN SOVEREIGNTY WHICH SHOULD BE TREATED IN THE SAME WAY AS ANY OTHER COUNTRY'S SOVEREIGNTY. FRANCE WAS FIRMLY ATTACHED TO THE ATLANTIC ALLIANCE, BUT WOULD KEEP THE SOLE RIGHT OF DECISION ON THE USE OF ITS NUCLEAR FORCE. HE WELCOMED KOHL'S STATEMENT THAT GERMANY WOULD REMAIN IN NATO BUT WARNED OF THE RISKS OF TROUBLE IN THE USSR, TO WHICH EUROPEAN COUNTRIES MUST BE SENSITIVE. NATO FORCES SHOULD NOT COME NEARER TO SOVIET FORCES. THE USSR WOULD NEED A RESPONSIBLE ATLANTIC ALLIANCE TO TALK TO, RATHER THAN AN INTERMEDIATE ZONE WHERE INCIDENTS COULD ARISE. FRENCH TROOPS IN GERMANY WOULD NOT BE AN ARMY OF OCCUPATION BUT FRENCH CITIZENS SERVING WITH GERMAN CITIZENS IN THE CONTEXT OF A STRENGTHENED COMMUNITY. IN CONCLUSION WE MUST AVOID BECOMING AN ADDITIONAL FACTOR IN DESTABILISING THE SOVIET UNION.

8. MITSOTAKIS(GREECE) REAFFIRMED HIS SUPPORT FOR EUROPEAN INTEGRATION AND FOR GERMAN UNIFICATION, AND WELCOMED KOHL'S REALISTIC POLICIES WHICH HE HOPED WOULD SUCCEED.

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FOLLOWING FROM HANNAY-----

EUROPEAN COUNCIL: 28 APRIL: POLITICAL UNION

SUMMARY

1. AGREEMENT ON TEXT CALLING FOR EXAMINATION AND ANALYSIS BY FOREIGN MINISTERS OF POSSIBLE TREATY CHANGES WITH A VIEW TO DISCUSSIONS AT THE JUNE EUROPEAN COUNCIL AND TO A DECISION THERE ON THE HOLDING OF A SECOND ICG TO WORK IN PARALLEL WITH THE IGC ON EMU.
2. AT THE HEADS OF STATE/GOVERNMENT LUNCH, KHOL AND MITTERRAND SPOKE IN ELABORATION OF THEIR JOINT MESSAGE TO THE PRESIDENT OF THE COUNCIL. THE PRIME MINISTER SAID THE FAILURE TO DEFINE POLITICAL UNION RAISED WIDESPREAD ANXIETY. PEOPLE WERE WORRIED ABOUT SUCH MATTERS AS THE LOSS OF NATIONAL IDENTITY AND POSSIBILITY OF GIVING UP SEPARATE HEADS OF STATE, NATIONAL PARLIAMENTS OR DIFFERENT ELECTORAL OR LEGAL SYSTEMS. PEOPLE NEEDED REASSURANCE THAT WE WERE NOT AIMING TO ALTER THE CENTRAL ROLE OF THE COUNCIL IN THE COMMUNITY OR TO CENTRALISE POWER AT THE EXPENSE OF NATIONAL GOVERNMENTS AND PARLIAMENTS, WHEN WE ALL ACCEPTED SUBSIDIARITY. NOR DID POLITICAL UNION INVOLVE ANY WEAKENING OF THE COMMITMENT TO NATO OR TO SEPARATE FOREIGN POLICIES. WHAT WAS NEEDED WAS TO DEVELOP THE HABIT OF WORKING MORE CLOSELY TOGETHER, TO MAKE THE COMMUNITY MORE EFFICIENT, WITH THE RIGHT BALANCE BOTH BETWEEN THE COMMUNITY AND NATIONAL INSTITUTIONS AND AMONG THE INSTITUTIONS OF THE COMMUNITY, TO IMPROVE FINANCIAL CONTROL AND ACCOUNTABILITY AND TO ENSURE THAT COMMUNITY DECISIONS WERE RAPIDLY AND EFFECTIVELY IMPLEMENTED. BEFORE AGREEING TO AN ICG WE NEEDED TO DEFINE WHAT WE MEANT AND DRAW UP PROPOSALS. FOREIGN MINISTERS SHOULD DO THIS. THIS WORK SHOULD NOT DEFLECT US FROM THE URGENT TASKS WE NEED TO TACKLE (SINGLE MARKET, GERMANY, EAST EUROPE, URAGUAY ROUND, EMU, EFTA ECT).
3. ANDREOTTI CALLED FOR A MANDATE FOR FOREIGN MINISTERS TO SET OUT PROPOSALS ON POLITICAL UNION BEFORE THE JUNE EUROPEAN COUNCIL. THERE

SHOULD BE TWO ICG'S, BOTH PRODUCING RESULTS BY 1993. SCHLUTER WONDERED WHAT POLITICAL UNION MEANT. DID IT INVOLVE BETTER DECISION MAKING, MORE EFFICIENT INSTITUTIONS OR MAJORITY VOTING? THESE ISSUES AND EMU COULD ALL BE BETTER TREATED IN A SINGLE ICG. SANTER AGREED ON THE NEED TO DEFINE POLITICAL UNION. AGREEMENT IN AN ICG REQUIRED UNANIMITY WHICH MEANT IT MUST BE WELL PREPARED. EMU SHOULD HAVE PRIORITY. LUBBERS THOUGHT INSTITUTIONAL CHANGE WAS NEEDED TO ENLARGE COOPERATION, PARTICULARLY ON FOREIGN POLICY. THIS SHOULD BE DONE BEFORE THE NEXT EUROPEAN ELECTIONS. WE SHOULD MOVE STEP BY STEP AND NOT IN A QUANTUM LEAP. IN DEPTH ANALYSIS WAS NEEDED SO THAT WE COULD SEE THE ADVANTAGES TO BE EXPECTED FROM THE NEW TREATY. ONLY WHEN THE EMU ICG WAS COMPLETE SHOULD WE CALL ANOTHER.

4. MITSOTAKIS ACCEPTED THE KHOL MITTERRAND PROPOSALS, SUPPORTED AND ICG AND WANTED A MANDATE FOR FOREIGN MINISTERS. GONZALES SAID WE NEEDED A POLITICAL INSTITUTIONAL RESPONSE TO THE NEW EUROPE BUT SHOULD PROCEED WITH ALL THE NECESSARY CAUTION. KHOL SAID FOREIGN MINISTERS SHOULD DRAW UP AND DISCUSS A QUESTIONNAIRE. HE FAVOURED TWO ICG'S. HE FELT IN NO DANGER OF LOSING HIS IDENTITY: GERMANY WAS HIS FATHERLAND AND HIS FUTURE LAY IN EUROPE.

5. DELORS SAID THE PREPARATIONS FOR THE EMU ICG COULD BE COMPLETED DURING THE IRISH PRESIDENCY AND EVALUATED BY THE JUNE EUROPEAN COUNCIL. BUT POLITICAL UNION WAS MOVING AT A MUCH SLOWER PACE. A COMMON FOREIGN POLICY WAS NOT PRACTICAL BUT THE TWELVE COULD COOPERATE MORE CLOSELY. HE WAS OFTEN OVER-RULED BY THE COUNCIL ON THE PRINCIPLE OF SUBSIDIARITY. ON MONETARY UNION THE FINAL OBJECTIVE WAS CLEAR BUT ON POLITICAL UNION IT WOULD BE BETTER TO DEFINE WHAT PROGRESS COULD BE MADE SOON WITH A VIEW TO A SECOND VERSION OF THE SINGLE EUROPEAN ACT, WE ALSO NEEDED TO CONSIDER HOW TO RECONCILE EUROPEAN AND NATIONAL PARLIAMENTS. SUMMING UP HAUGHEY SAID ALL THE PRIME MINISTER'S POINTS WOULD BE EXCLUDED FROM POLITICAL UNION. HE WOULD DRAFT A TEXT REFERREING TO THE NEED FOR ANALYSIS AND PREPARATION BY FOREIGN MINISTERS WHO SHOULD REPORT TO THE EUROPEAN COUNCIL IN JUNE.

6. A DRAFT ON THE LINES OF PARA 7 OF THE CONCLUSIONS WAS SUBSEQUENTLY CIRCULATED AND ADOPTED AFTER A SHORT DISCUSSION IN WHICH PRIME MINISTER WAS ABLE TO GET THE WORDS ''AND ANALYSIS'' ADDED IN THE SECOND PARAGRAPH.

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