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FRAME GENERAL

DUBLIN II : 25/26 JUNE EUROPEAN COUNCIL

1. THE SECOND EUROPEAN COUNCIL UNDER THE IRISH PRESIDENCY LOOKS AS IF IT WILL BE NEITHER PARTICULARLY DRAMATIC, NOR PARTICULARLY DIFFICULT FOR THE UK TO HANDLE. BUT THE HAUGHEY METHOD OF PREPARATION, INVOLVING A SLOW DIPLOMATIC CARAVAN WINDING ROUND THE OTHER ELEVEN MEMBER STATES FOR THE BEST PART OF A MONTH BEFORE THE EUROPEAN COUNCIL, CONTAINS PLENTY OF POTENTIAL FOR CONFUSION. SO IT MAY NOT BE QUITE AS STRAIGHTFORWARD AS IT LOOKS.

2. OF THE ISSUES THAT DOMINATED THE APRIL COUNCIL MEETING (GERMAN UNIFICATION, RELATIONS WITH THE EMERGING DEMOCRACIES OF EASTERN EUROPE, POLITICAL UNION) ONLY POLITICAL UNION IS LIKELY TO FIGURE SIGNIFICANTLY ON THIS OCCASION. ON GERMAN UNIFICATION, THE COMMISSION HAS DONE A REASONABLE JOB OF ENSURING THAT THE GEMU TREATY IS CONSISTENT WITH THE FRG'S COMMUNITY OBLIGATIONS AND TAKES ACCOUNT OF THE INTERESTS OF THE OTHER MEMBER STATES. THE PROCESS OF ANALYSING AND PROPOSING THE DEROGATIONS AND TRANSITIONAL PERIOD THAT WILL BE NEEDED AT THE TIME OF UNIFICATION IS IN FULL SWING BUT NOTHING IS YET READY FOR DECISION. AN EARLY DECEMBER DATE FOR UNIFICATION WILL CAUSE A LOT OF FRENZIED SCURRYING AROUND IN THE AUTUMN BUT DOES NOT, AS OF NOW, SEEM LIKELY TO DERAIL THE PROCESS SET IN HAND AT THE APRIL COUNCIL. THERE WILL BE A TOKEN APPEARANCE BY DE MAIZIERE AT THE (CERMONIAL, NOT WORKING) LUNCH ON THE FIRST DAY. THE EXTERNAL IMPLICATIONS OF UNIFICATION ARE BOUND TO BULK LARGE IN THE DISCUSSION OF FOREIGN POLICY ISSUES AT THE TWO DINNERS ON THE EVENING OF 25 JUNE AS WILL THE QUESTION OF ASSISTANCE TO THE SOVIET UNION.

3. PREPARATIONS FOR NEGOTIATING ASSOCIATION AGREEMENTS WITH THE EMERGING DEMOCRACIES OF EASTERN EUROPE ARE IN FULL SWING TOO. EXPLORATORY TALKS WITH THE MOST ADVANCED OF THEM, EG POLAND, WILL BEGIN SOON. THE FIRST BIG TEST OF DIFFERENTIATION AND CONDITIONALITY, ROMANIA, HAS ARISEN AND IS BEING HANDLED WITH

COMMENDABLE ROBUSTNESS BY THE COMMISSION AND THE MAJORITY OF MEMBER STATES: BUT THERE ARE SOME FAINT HEARTS, FRANCE IN PARTICULAR, AND THE ISSUE MAY SURFACE AT THE DUBLIN MEETING.

4. AS TO POLITICAL UNION, DISCUSSIONS SINCE APRIL BOTH AT FOREIGN MINISTER AND AT OFFICIAL LEVEL HAVE BEEN MORE REALISTIC AND DOWN-BEAT THAN WE MIGHT HAVE FEARED. THE CO-AUTHORS OF THE FRANCO-GERMAN INITIATIVE IN APRIL HAVE SO FAR FAILED TO AGREE ON HOW TO FLESH IT OUT AND HAVE BEEN LONG ON RHETORIC AND SHORT ON SPECIFICS. THE SPANISH PRIME MINISTER HAS LAUNCHED THE CONCEPT OF EUROPEAN CITIZENSHIP, WHICH HAS SOME PRESENTATIONAL ALLURE BUT MAY PROVE TRICKY FURTHER DOWN THE ROAD: BUT HE TOO HAS NOT BEEN SPECIFIC. OUR OWN POLICY OF CONSTRUCTIVE SCEPTICISM, FEEDING IN PRACTICAL SUGGESTIONS (ON FINANCIAL ACCOUNTABILITY, IMPLEMENTATION AND ENFORCEMENT, STRENGTHENING POLITICAL COOPERATION) WHILE PUSHING THE CASE FOR SETTING THE LIMITS OF POLITICAL UNION AND FOR PRACTISING AS WELL AS PREACHING SUBSIDIARITY, HAS SERVED US WELL. THE PAPER BEFORE THE EUROPEAN COUNCIL REFLECTS ALL THESE THEMES (AS WELL AS SOME OF THE LESS APPEALING IDEAS OF OTHERS). A DECISION TO CALL A SECOND INTER GOVERNMENTAL CONFERENCE IN DECEMBER IS A FOREGONE CONCLUSION. OUR OWN WILLINGNESS TO AGREE TO THAT WOULD PUT US IN A STRONG POSITION FOR THE NEXT PHASE OF THE PREPARATIONS.

5. EMU WILL CERTAINLY COME UP NEXT WEEK IN DUBLIN SINCE A PROGRESS REPORT WAS CALLED FOR BY THE STRASBOURG COUNCIL. THE PRESIDENCY'S REPORT CONTAINS LITTLE SUBSTANCE AND SHOULD PROPERLY REFLECT OUR RESERVE ON STAGE III. INDICATIONS SO FAR POINT TO THE PRESIDENCY PREFERRED TO AVOID A SERIOUS DISCUSSION OF THE STATE OF THE PREPARATIONS FOR THE EMU IGC AT THIS STAGE AND NO MEMBER STATE HAS SHOWN ANY SIGN OF TAKING A CONTRARY VIEW. DELORS' OUTBURST AT THIS WEEK'S FOREIGN AFFAIRS COUNCIL INDICATES THAT PATIENCE, NEVER HIS LONG SUIT, IS WEARING THIN, BUT IT IS QUITE POSSIBLE THAT, HAVING GOT THAT OFF HIS CHEST HE WILL NOT PRESS THE ISSUE IN DUBLIN. OUR OWN NEW THINKING ON STAGE II WILL PERCOLATE THROUGH TO OTHERS ONLY JUST BEFORE THE MEETING SO IT SHOULD SUIT US BETTER TO ENSURE THAT IT IS GIVEN SERIOUS AND SYSTEMATIC CONSIDERATION IN THE ECOFIN PROCESS LEADING UP TO THE SEPTEMBER INFORMAL ECOFIN THAN TO ELICIT REACTIONS THERE AND THEN.

6. A NUMBER OF OTHER INTERNAL ISSUES WILL ARISE:

(1) SINGLE MARKET. THE IRISH HARVEST HAS BEEN RESPECTABLE BUT NOT RICH. THIS IS NOT REALLY DUE TO ANY FAULT OF THEIR OWN: THE CUPBOARD WAS SWEEPED PRETTY BARE BY THE FRENCH PRESIDENCY LAST YEAR. IT WOULD

BE BETTER THEREFORE TO CONCENTRATE ON THE FUTURE AND ON GETTING OUR MAIN PRIORITIES (FINANCIAL SERVICES, INCLUDING INSURANCE, MORE PROGRESS ON TRANSPORT - BOTH SHIPPING AND ROAD CABOTAGE ARE STILL IN THE DOLDRUMS) FIRMLY SET OUT IN THE CONCLUSIONS. THE DUTCH PAPER ON TRANSPORT POLICY SHOULD HELP IN THAT RESPECT. OUR IMPLEMENTATION AND ENFORCEMENT CAMPAIGN IS GATHERING PACE AND GRADUALLY MOVING THESE KEY ISSUES UP THE COMMUNITY'S AGENDA. WE WOULD DO WELL TO LATCH ON TO THE SUGGESTION DELORS MADE IN HIS REPLY TO YOUR RECENT LETTER (UKREP TELNO 1866) THAT A COMMISSION REPORT ON THE UP TO DATE STATE OF PLAY SHOULD BE CIRCULATED FOR AND DISCUSSED AT THE DECEMBER EUROPEAN COUNCIL.

(II) ENVIRONMENT. THE HAUGHEY CHARTER/DECLARATION HAS NOW BEEN HAWKED ROUND EUROPE. IT HAS MANY PAGES AND LITTLE CONTENT BUT SOME LOOSE LANGUAGE. IT IS BEING DISCUSSED BY SENIOR ENVIRONMENT OFFICIALS LATER THIS WEEK. ASSUMING NO MAJOR PROBLEMS ARE REFERRED TO THE EUROPEAN COUNCIL IT SHOULD GO THROUGH ON THE NOD.

(III) SEATS OF THE INSTITUTIONS. THIS SUBJECT IS QUITE CAPABLE OF TURNING THE BEST BEHAVED GATHERING INTO AN UNSEEMLY SCUM. THE FRENCH SEEM SET TO DO JUST THAT, WITH THEIR (AS THEY WOULD SEE IT DEFENSIVE) BID TO HAVE THE PARLIAMENT SITED DEFINITELY IN STRASBOURG AND THEIR BLOCKAGE ON OTHER URGENT SITING DECISIONS (TRAINING FOUNDATION, ENVIRONMENT AGENCY, CTMO) UNTIL THAT IS CONCEDED. WE WOULD DO BEST TO KEEP OUT OF THE STRASBOURG/BRUSSELS/LUXEMBOURG DEBATE. A SOLUTION MAY BE FOUND ON THE BASIS OF THE STATUS QUO (NORMAL EP PLENARIES IN STRASBOURG, COMMITTEES AND EXCEPTIONAL PLENARIES IN BRUSSELS. OUR OTHER MAIN OBJECTIVE, NOW THAT WE HAVE SECURED THE EBRD, IS TO SEE THE OTHER SITING DECISIONS TAKEN IN DUBLIN: IT WILL BE DISCREDITABLE TO ALL AND AGAINST OUR INTEREST IF THE SETTING UP OF THESE THREE ORGANISATIONS IS FURTHER DELAYED.

7. ON THE EXTERNAL FRONT, THE JUNE FOREIGN AFFAIRS COUNCIL APPROVED A NEGOTIATING MANDATE FOR THE EUROPEAN ECONOMIC AREA WITH EFTA AND HAD A USEFUL DISCUSSION ON THE URUGUAY ROUND PRE-HOUSTON. SO NEITHER OF THESE SUBJECTS NEED BE RAISED IN DUBLIN. THE FOREIGN POLICY ISSUES THAT WILL COME UP ARE:

(I) ASSISTANCE FOR THE SOVIET UNION. THERE ARE SIGNS OF A DANGEROUS COINCIDENCE BETWEEN FRANCO/GERMAN ENTHUSIASM FOR HELPING GORBACHEV AND (PERSUADING HIM TO DROP HIS OBJECTIONS TO A UNITED GERMANY REMAINING A FULL MEMBER OF NATO) AND THE DESIRE OF THOSE MEMBER STATES NOT ATTENDING HOUSTON TO AVOID BEING FACED THEREAFTER WITH A

FAIT ACCOMPLI. THIS COULD LEAD TO PRESSURE TO MOVE TOO FAR, TOO FAST FOR OUR TASTE. IT WILL BE IMPORTANT TO DEVELOP THE ARGUMENTS FOR CAREFUL ANALYSIS OF SOVIET NEEDS AND FOR ECONOMIC CONDITIONALITY WITHOUT APPEARING COMPLETELY NEGATIVE. SOME FLEXIBILITY ON TRAINING AND KNOW-HOW MAY HELP. IT WOULD BE BETTER IF WE COULD AVOID A STRAIGHTFORWARD EXTENSION OF THE G-24 EXERCISE TO INCLUDE THE SOVIET UNION.

(II) SOUTH AFRICA. THE DEADLOCK OVER LIFTING EC SANCTIONS WILL NOT BE SHIFTED IN DUBLIN. BUT THE DEBATE AND THE VIEWS OF MEMBERS STATES ARE MOVING OUR WAY. IT SHOULD BE POSSIBLE TO ESTABLISH A PROCESS WHICH, WITH THE SUPPORT OF THE INCOMING ITALIAN PRESIDENCY, ENABLES PROGRESS TO BE MADE BEFORE TOO LONG.

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362

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361

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