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Prime Minister

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MR POWELL

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All perfectly true.
But it seems to me that we are already saying all these things constantly.

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ANGLO-GERMAN SUMMIT

The Prime Minister knows that I very seldom take a philosophical point. There is, however, a trend of thought now developing elsewhere in the Community - and particularly in Germany - which it does seem to me to be important that we should counter quickly. The Anglo-German summit on 2 November is a good opportunity to do so.

2. While Chancellor Kohl's policy towards Eastern Europe inevitably marks time, he clearly feels himself impelled to look for actions which will publicly link the Federal Republic of Germany even more closely to Western Europe. This coincides with President Mitterrand's readiness to support Chancellor Kohl, in particular by taking new steps to strengthen Franco-German relations, and with a widespread feeling in Western Europe that the Community has become bogged down in internal difficulties and is not pulling its full weight. Hence there is continuing attention being given in other member states to "moves towards European Union"; speculation about the need for a new Treaty; discussion of ways of improving the operations of the Community institutions (majority voting, relations with the European Parliament etc); and still some talk of a two-speed Europe. Much of this will come to nothing and deservedly so. But, so long as it is wrongly assumed - in Germany, in particular - that the United Kingdom will hold back, there is a risk that Germany and France will try to advance their ideas without taking enough account of where we believe the growth points are and which ideas are not acceptable to us.

3. In reality, the British position on the future of the Community is more developed and in some respects more subtle than it is perceived elsewhere in the Community. German

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policy appears to be based on a rather desperate search for ways in which cooperation between the member states can be enlarged. A similar impression is given by the French Fontainebleau draft of the topics to be covered by the Dooge Committee and by the Committee on People's Europe. The Italians are hooked on the Spinelli draft Treaty on European Union. The United Kingdom's position, on the other hand, is that there are ideas which we shall certainly not accept but equally there are some areas in which we positively want the Community to be more active and stronger. For example, we shall not surrender the veto in cases of overriding national interest (the Luxembourg compromise); we shall not support inequitable financing; we shall not agree to grandiose schemes of expenditure which are better carried out nationally or not carried out at all; and we shall not extend Community cooperation for merely theoretical reasons. But we do support the Community loyally and want to see it pulling more weight externally (eg on international trade questions and in a coherent approach to external political problems) and internally (providing the conditions for wealth-creation by a genuinely free market for goods and services). On political cooperation we have already indicated in "Europe - the future" that the Ten must show more political will to act together. On the operation of the Community institutions, provided that the Luxembourg compromise is retained, we have the well-known British wish to see things working efficiently (eg we want to see earlier contacts between the Council, Commission and European Parliament on certain proposals in order to avoid the current risk of trench warfare). More generally, we are prepared to see further areas of cooperation among the member states of the Community, provided that it can first be demonstrated that there will be an advantage from such cooperation. In all these respects we are for the development of the Community. This is just as positive an approach as some of those now being wrapped in continental packaging by other member states.

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4. We should not underrate the importance being attached elsewhere to new initiatives in the Community. I have tried to set out in the attached note how our ideas might be presented to Chancellor Kohl, if the Prime Minister were to think this worthwhile.

5. I am sending copies to Colin Budd (FCO), David Peretz (Treasury) and to Sir Robert Armstrong.

Df Williamson

D F WILLIAMSON

30 October 1984

POSSIBLE PRESENTATION OF UNITED KINGDOM IDEAS ON COMMUNITY
DEVELOPMENT TO CHANCELLOR KOHL

This is a time at which we do need to consider - and, where appropriate, to take steps to advance - the development of the Community. I believe that there are, in fact, no great differences between Germany and the United Kingdom. I am concerned that there should not be any impression here in Bonn that the United Kingdom is holding back. We do understand and support your political motivation and your belief that, if the Community stands still, it goes backward. That is why we too are looking for ways of making the Community more active and stronger.

We British are practical people. Let us decide - that means in Bonn, Paris and London in the first instance - what ought to be done better in the Community. If necessary, let us also decide what scope there is for new cooperation among some or all member states. When we know what we want to do, we can determine whether it is all covered by the existing Treaties or whether anything more is needed. We do not favour writing a new Treaty first and then looking for a programme of action to implement it. We favour agreement soon on a programme of action and a positive presentation throughout the Community.

Here are some of the areas where we can move forward together:

- external commercial policy. The member states are the world's biggest traders. The Community establishes a common position for external negotiations. We need now to think even more in terms of a single external commercial policy and to build ourselves into a position of leadership on world trading practices;

- political cooperation. I have already said in my paper "Europe - the future" that "cooperation should not just be a matter of making declarations . . . The Ten must show more political will to act together". This means taking a step forward, if necessary by new undertakings on consultation. We are interested in Jurgen Ruhfus' ideas in the Dooge Committee and some of them ought to be followed up;

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- a wealth creating Community. We are determined to achieve and to present the Community as a creator of wealth and of jobs. You know our insistence on a truly open common market for goods and services. Governments of the Centre and Right must be true to their principles, and fortunately we shall have an ally in Monsieur Delors;

- institutions. We can make the Community institutions work better, particularly relations between the Council and the European Parliament. The United Kingdom is ready to support the revised arrangements for conciliation with the European Parliament. Furthermore, we are strong advocates of earlier and regular contacts between the Council, Commission and European Parliament, which would do much to remove the present climate of confrontation. In the Council itself the biggest single cause of deadlock is the failure to follow the Treaty procedures, including majority voting where provided for. The "Luxembourg compromise" is very seldom a cause of difficulty. In the enlarged Community five or six member states, including the United Kingdom, will insist on maintaining it. This is fully consistent with improved arrangements for handling routine business in the Council;

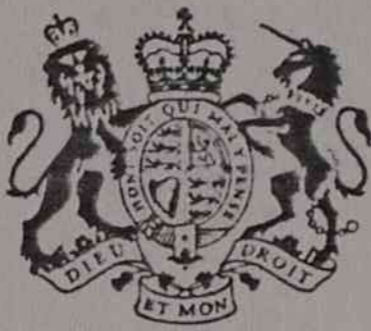
- other areas of cooperation. I shall look at other areas of cooperation on their merits. If it can be demonstrated that there would be an advantage, we should take it;

- a less bureaucratic Community. There is much that can be done to make the Community more of a unity and to act more in the interests of ordinary people (cheaper and easier movement of goods and travellers; rights of establishment; youth exchanges etc).

Finally, there is one point to which we attach particular importance. We think that the development of the Community and of further cooperation in Western Europe must be on the basis of a free exchange of views among the countries concerned. If Germany has new ideas for such development, we would like to know. It would be quite contrary to the partnership we seek if new ideas were to be presented to the United Kingdom on a "take it or leave it" basis.

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10 DOWNING STREET

From the Private Secretary

MR. WILLIAMSON
CABINET OFFICE

ANGLO-GERMAN SUMMIT

Thank you for your minute of 30 October with its enclosed speaking note for the Prime Minister's discussion with Chancellor Kohl. It was most useful to have this. The Prime Minister has read the note and has commented that it is all perfectly true but it seems to her that we are saying these things constantly.

I am copying this minute to Mr. Budd (Foreign and Commonwealth Office), Mr. Peretz (HM Treasury) and Mr. Hatfield (Cabinet Office).

C.D. POWELL
1 November 1984

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