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TO IMMEDIATE FCO
TELEGRAM NUMBER 120 OF 12 FEBRUARY
INFO IMMEDIATE UKREP BRUSSELS ROME PARIS
INFO ROUTINE ATHENS EMBASSY BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG
THE HAGUE

CHANGING GERMAN POLICY ON EUROPE mr

1. KOHL'S SOBER AND REALISTIC SPEECH ON 8 FEBRUARY (MY TELNO 111) IS A WELCOME CHANGE FROM THE MORE EXALTED AND MORE GENERALISED RHETORIC ON EUROPEAN UNION WHICH HITHERTO HAS BEEN HIS STOCK IN TRADE (COMPARE FOR INSTANCE BONN TELNOS 1159 OF 7 DECEMBER 1984 AND 268 OF 13 MARCH 1984). INSTEAD OF MERELY CALLING GRANDLY FOR ACHIEVEMENT OF AN UNDEFINED GOAL - EUROPEAN UNION - HE SPOKE ON 8 FEB OF THE NEED TO MAKE PROGRESS ON THE INTERNAL MARKET AND TO EXTEND THE COMMON MARKET TO SERVICES. HE ALSO INDICATED LIMITS ON HOW FAR THE FEDERAL GOVERNMENT COULD MOVE AT PRESENT IN BUILDING EUROPE, BY HIS CAUTIOUS LINE ON MAJORITY VOTING AND BY HIS CLEAR REJECTION OF THE SPINELLI DRAFT TREATY.

2. GERMAN OFFICIALS CLOSELY CONCERNED WITH EUROPEAN AFFAIRS ARE NOT ADMITTING THAT THERE IS A NEW TONE IN THIS SPEECH. BUT THE NEW TONE IS NEVERTHELESS THERE: AND RUEHE, THE VERY INFLUENTIAL CDU FOREIGN AFFAIRS SPOKESMAN IN THE BUNDESTAG, READILY AGREED WITH THIS WHEN I SAW HIM TODAY.

3. THE CHANGE APPEARS TO RESULT FROM A PROCESS OF EDUCATION, WHICH BEGAN WHEN MINDS HERE TURNED TO THE FUTURE OF EUROPE AFTER THE FONTAINBLEAU AGREEMENT AND HAS BEEN INTENSIFIED AS WORK HAS PROCEEDED IN THE DOOGE AND ADONNINO COMMITTEES. AS GERMAN OFFICIALS THOUGHT THEIR WAY INTO THE SUBJECT MATTER, THEY APPEAR TO HAVE REALISED THAT:

- (A) THERE WAS NO PROSPECT OF AGREEMENT ON A GREAT LEAP FORWARD TOWARDS EUROPEAN UNION.
- (B) SOME OF THE MOVES BEING MOOTED WOULD NOT SERVE GERMAN INTERESTS.

FOR EXAMPLE, THE ANTICS OF THE GREEKS HAVE SHOWN THE GERMANS THAT, AS THE MAJOR NET CONTRIBUTOR, THEY CANNOT AFFORD FURTHER TO LOSE CONTROL OF BUDGETARY MATTERS. EQUALLY, THEY DO NOT WANT ARRANGEMENTS FOR MAJORITY VOTING WHICH COULD LIMIT THEIR ABILITY TO RUN THEIR OWN ECONOMIC POLICY OR PREVENT THEIR INTRODUCING CATALYSATORS ON MOTOR CAR EXHAUSTS. WITH REGARD TO (A) ABOVE, I SUSPECT THAT THE GERMANS HAVE COME TO SEE THAT THE FRENCH ARE MORE HARD HEADED THAN THEY THOUGHT ABOUT CONCEPTS LIKE EUROPEAN UNION, GREATER POWERS FOR THE PARLIAMENT AND GENERALISED MAJORITY VOTING.

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4. AT THE SAME TIME, THE DEVELOPING DISCUSSION ON THE FUTURE OF EUROPE HAS CAUSED VARIOUS DOMESTIC INTERESTS TO RAISE WARNING FINGERS HERE. THE BUNDESBANK HAS MADE CLEARLY KNOWN ITS OBJECTIONS TO MAJOR MOVES FORWARD IN THE EMS. THE EQUIVALENT OF THE CBI IS EXPRESSING CONCERN ABOUT DILUTION OF GERMAN SOVEREIGNTY OVER A RANGE OF ECONOMIC AND SOCIAL POLICY. MOST IMPORTANT, THE LAENDER ARE WORRIED THAT THEIR JEALOUSLY GUARDED COMPETENCE IN CERTAIN IMPORTANT AREAS, SUCH AS SOCIAL POLICY AND EDUCATION, COULD BE PREJUDICED BY SOME OF THE IDEAS UNDER DISCUSSION.

5. THESE INFLUENCES FOR REALISM ABOUT EUROPE HAVE NO DOUBT BEEN REINFORCED BY OTHER DEVELOPMENTS CONCERNING THE COMMUNITY. THE LONGSTANDING CONTRADICTION BETWEEN GERMAN POLICY ON AGRICULTURE AND THE NEED TO LIMIT THE GERMAN FINANCIAL CONTRIBUTION TO THE COMMUNITY HAS BECOME INESCAPABLY OBVIOUS. THE GOVERNMENT FACES A DILEMMA: THE DEMANDS OF GERMAN FARMERS VERSUS THE RECENT GERMAN COMMITMENT TO CAP REFORM AND TO BUDGETARY DISCIPLINE AND THE REAL NATIONAL INTEREST IN THE LATTER. GERMAN ISOLATION ON THE TIMING OF THE INTRODUCTION OF NEW OWN RESOURCES HAS PUT BONN ON THE DEFENSIVE AND MUST HAVE BROUGHT HOME TO SOME OFFICIALS THAT THERE ARE DANGERS IN RHETORICAL COMMITMENTS. THERE IS ALSO THE LESSON OF THE SO-CALLED SOLEMN DECLARATION IN THE BACKGROUND.

6. AT THE SAME TIME, I THINK THERE HAS BEEN SOME CHANGE IN GERMAN OFFICIAL VIEWS OF BRITAIN'S COMMUNITY POLICIES. PEOPLE HERE HAVE SEEN THAT THE ACHIEVEMENT OF THE FONTAINEBLEAU AGREEMENT ON BUDGETARY IMBALANCES DID NOT CAUSE US TO LOSE INTEREST IN THE COMMUNITY. THEY RECOGNISE OUR COMMITMENT TO REALISTIC NEW STEPS IN EUROPE, DEMONSTRATED CONSISTENTLY SINCE THE PRIME MINISTER'S PAPER 'EUROPE - THE FUTURE' WAS PUT FORWARD LAST SUMMER.

7. FOR ALL THESE REASONS, GERMAN POSITIONS HAVE MOVED TOWARDS OURS. IT LOOKS AS THOUGH OFFICIALS ARE COMING TO THE VIEW THAT THE BEST STEP FORWARD IN EUROPE IN 1985 WOULD BE A PACKAGE OF VARIOUS CONCRETE MEASURES RATHER THAN SOME GRANDIOSE GESTURE. THE CHANCELLOR, WHOSE YEARNING TO MAKE A PERSONAL CONTRIBUTION TO EUROPE'S DEVELOPMENT IS VERY STRONG, MAY CHANGE COURSE AGAIN. RUHFUS WARNED COMMUNITY AMBASSADORS YESTERDAY NOT TO ATTACH MUCH IMPORTANCE TO THE ABSENCE FROM KOHL'S SPEECH ON 8 FEBRUARY OF ANY REFERENCE TO A EUROPE OF SEVERAL SPEEDS. DESPITE THE GREATER REALISM EVIDENTLY DISPLAYED WHEN GERMAN MINISTERS LAST WEEK DISCUSSED MAJORITY VOTING AND THE POWERS OF THE PARLIAMENT (MY TELNO 115), WE SHALL CERTAINLY HAVE DIFFICULT DISCUSSIONS ON THESE SUBJECTS, AS ON THE CONTINUED GERMAN WISH FOR A TREATY ON EUROPEAN POLITICAL COOPERATION.

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