

GRS 1000 FRAME GENERAL

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DESKBY 251200Z

FM BONN 250930Z JUN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 640 OF 25 JUNE

INFO IMMEDIATE UKREP BRUSSELS, ROME

INFO ROUTINE OTHER EC POSTS

EUROPEAN COUNCIL: FRG POSITION

1. I HAD TELTSCHIK TO BREAKFAST TODAY. HE HAS BEEN OCCUPIED WITH SDI AND WAS A BIT ADRIFT ON EC QUESTIONS, WHICH GAVE ME THE EXCUSE TO GO OVER THE WHOLE OF OUR CASE IN SOME DETAIL.

2. I SAID THAT IT WAS A CLEVER HAND WHICH HAD DRAFTED THE CHANCELLOR'S LETTER TO THE PRIME MINISTER OF 19 JUNE. FROM THIS AND FROM KOHL'S SPEECH TO THE MONNET COMMITTEE I JUDGED THAT THERE WAS A HIGH DEGREE OF ANGLO-GERMAN CONVERGENCE. THIS ENCOURAGED ME TO THINK THAT MILAN COULD AND WOULD BE A SUCCESS, BY WHICH I MEANT IN PARTICULAR A SUCCESS FOR THE FOUR MAIN PARTICIPANTS. TELTSCHIK AGREED.

INTERNAL MARKET

3. TELTSCHIK REPEATED THE GERMAN VIEW THAT LORD COCKFIELD'S DEADLINES WERE TOO SHORT. ALL THAT MILAN COULD DO WOULD BE TO TAKE A DECISION OF PRINCIPLE AND PASS THE MATTER BACK TO THE COMMISSION. HE MENTIONED THAT DELORS HAD PROPOSED AMENDING THE TREATY SO AS TO PERMIT MAJORITY VOTING IN THE WHOLE FIELD COVERED BY THE COCKFIELD PROPOSALS. I SAID THAT WE SAW TAX HARMONISATION AS A COMPLICATED AREA REQUIRING STUDY FIRST BY ECOFIN: THIS WAS ONE POINT IN THE CHANCELLOR'S LETTER WHERE THERE MIGHT BE DIFFICULTY FOR US. BUT WE SAW NO REASON WHY MILAN SHOULD NOT TAKE DECISIONS ON THE SPOT ON THOSE OF THE COCKFIELD PROPOSALS WHICH OFFERED A PROSPECT OF EARLY PROGRESS, AND ON A TIMETABLE FOR THESE.

POCO

4. I SAID THAT IF ALL THAT STOOD BETWEEN US WAS THE WORDS TREATY AND UNION, WE WERE PERHAPS NOT SO FAR APART. TELTSCHIK SAID THAT AN ITALIAN DELEGATION WOULD BE IN BONN TOMORROW. HE HAD HEARD THAT THE ITALIANS HAD IDEAS FOR ANOTHER 'SOLEMN DECLARATION'. (HE AGREED WITH ME THAT THIS WAS ONE OF THE LAST THINGS THAT EUROPE NEEDED.) THE FRG PREFERENCE WAS FOR A DOCUMENT HEADED 'TREATY OF (THE) EUROPEAN UNION ON POLITICAL COOPERATION'. (VERTRAG DER EUROPÄISCHEN UNION ZUR E.P.Z.) HE WANTED TO KNOW WHAT BRITAIN WOULD DO IF IT TURNED OUT THAT SOME BUT NOT ALL MEMBER STATES WERE READY TO ACCEPT SOMETHING ON THE LINES OF THE BRITISH DRAFT, WITH OR WITHOUT THE GERMAN TITLE. I SAID I HAD NO INSTRUCTIONS, BUT WE HAD INVESTED A LOT OF EFFORT IN OUR PROPOSAL ON POCO AND WOULD NOT WANT TO SEE IT BROUGHT TO NOTHING BY EG GREECE. TELTSCHIK THOUGHT DENMARK MIGHT BE A PROBLEM ALSO.

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5. TELTSCHIK HAD HEARD THAT THE PRESIDENCY WANTED TO ADD TO THE MILAN AGENDA THE MIDDLE EAST (KING HUSSAIN'S AND PRESIDENT MUBARAK'S INITIATIVE) AND THE SOVIET APPROACH TO THE EC. I SAID I DID NOT SEE HOW MILAN COULD DISCUSS THE MIDDLE EAST WITHOUT MENTIONING THE AMERICAN HOSTAGES.

### TECHNOLOGY AND EUREKA

6. TELTSCHIK SPOKE ABOUT DELORS' VISIT TO BONN YESTERDAY AND THE PAPER UNVEILED BY NARJES IN BRUSSELS. HE AGREED THAT THERE COULD BE NO QUESTION OF GIVING THE COMMISSION A BLANK CHEQUE. HE SHOWED SIGNS OF IRRITATION AT THE PRESSURE PUT ON THE FRG BY FRANCE. (THE FRENCH FOREIGN AND DEFENCE MINISTERS ARE DUE HERE TOMORROW.) IT WAS NOT GOING TO BE POSSIBLE TO ANNOUNCE ANY FRANCO-GERMAN PROJECTS WITH A EUREKA LABEL BEFORE MILAN: SEVERAL IDEAS WERE IN THE AIR, BUT THEY ALL NEEDED FURTHER STUDY. IN HOURS OF TALKS WITH THE FRENCH IT HAD BEEN POSSIBLE TO IDENTIFY CERTAIN BASIC PRINCIPLES, EG

(A) EUREKA PROJECTS MUST BE WITHIN THE EC, NOT "EC PROJECTS"

(B) THE FINANCIAL ASPECTS MUST BE CLARIFIED

(C) THE POSSIBILITY OF PARTICIPATION BY NON-MEMBER STATES OF THE EC MUST BE ALLOWED FOR.

I SAID THAT OUR OWN LIST WOULD BE SIMILAR, BUT THAT WE WOULD WANT TO ADD

(D) INDUSTRY MUST BE CONVINCED AND MUST PARTICIPATE

(E) THERE MUST BE NO GREAT NEW BUREAUCRACY

(F) WE SHOULD CONCENTRATE OUR EFFORTS ON OUR WEAK POINT, WHICH WAS THE APPLICATION OF RESEARCH RATHER THAN RESEARCH ITSELF OR THE MONEY AVAILABLE FOR IT.

### DECISION-TAKING

7. TELETSCHEK REPEATED THE GERMAN VIEWS ON MAJORITY VOTING AND POWERS FOR THE EUROPEAN PARLIAMENT (EP). HE SUGGESTED THAT IN FINANCIAL QUESTIONS THE RULE SHOULD BE THAT THE EP COULD NOT GO AGAINST THE WISHES OF THE COUNCIL NOR VICE VERSA. (I SAID THIS SOUNDED LIKE A RECIPE FOR STALEMATE.) KOHL WOULD MAKE IT CLEAR AT MILAN THAT THE FRG WAS READY TO AMEND THE TREATY AS NECESSARY UNDER THIS HEADING. IE FOR BOTH MORE MAJORITY VOTING AND MORE POWERS FOR THE EP. I DEPLOYED THE CASE FOR GIVING THE EP MORE INFLUENCE RATHER THAN MORE POWERS, AND AGAINST THE WHOLE IDEA OF TREATY AMENDMENT. I ASKED WHETHER, IF IT BECAME CLEAR THAT IT WOULD NOT (NOT) BE POSSIBLE TO AMEND THE TREATY, THE FRG WOULD ACCEPT THAT IT WOULD BE BEST TO PURSUE THE SAME OBJECTIVES BY MEANS OF CONVENTIONS AND POLITICAL DECISIONS. HE SAID RESIGNEDLY THAT IT MIGHT WELL COME TO THIS: BUT THE FRG WANTED TO HOIST THE FLAG OF TREATY AMENDMENT AND GIVE OTHERS THE OPPORTUNITY TO DO LIKEWISE, SO AS TO EXPOSE WHERE THE OPPOSITION TO THIS LAY.

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## PROCEDURE

8. AT ONE POINT TELTSCHIK REFERRED TO A POSSIBLE INTER-GOVERNMENTAL CONFERENCE. BUT HE WAS READY TO CONCEDE THAT THIS COULD CONSIST OF EG POLITICAL DIRECTORS, FOREIGN MINISTERS OR HEADS OF GOVERNMENT THEMSELVES: HIS POINT WAS THAT SOMEBODY MIGHT HAVE TO BE DETAILED TO DO THE WORK WHICH WOULD ARISE OUT OF MILAN.

## COMMENT

9. IT WAS USEFUL TO HAVE TELTSCHIK CONFIRM THE HIGH DEGREE OF AGREEMENT WHICH WE HAD IDENTIFIED BETWEEN THE GERMAN POSITION AND OUR OWN. BUT THERE IS EVIDENTLY MUCH LAST MINUTE ACTIVITY ON THE PART OF THOSE WHO DID NOT GET THEIR ACT TOGETHER SO EARLY AS OURSELVES, AND WE SHALL NEED TO BE ON THE WATCH FOR SURPRISES.

FCO PLEASE ADVANCE TO:

CABINET OFFICE: WILLIAMSON, JAY  
FCO: BRAITHWAITE, RENWICK, JENKINS, SHEPHERD  
FAIRWEATHER  
HM TREASURY: FITCHEW

BULLARD

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