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NOTE FOR THE RECORD

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TORONTO; EUROPEAN COUNCIL

1. I finally managed to have a word with the President of the Commission's Chef de Cabinet in the interstices of yesterday's fourteen and a half hour Coreper.

Toronto Summit

2. Lamy said that he was worried, but not too worried, about the handling of agriculture at the Toronto Summit. The Commission would stand up robustly for the Community's negotiating position if it came under attack, but they were not looking to pick a fight and agreed that it was very possible that President Reagan would not yield to his more bellicose advisers. It was essential for the Commission to go on fighting the Community corner when necessary, otherwise the member states, and France in particular, would go off in their own separate directions and no-one but the Americans would benefit. The Commission was determined at some stage or another to get the Americans to acknowledge the validity of what had been done at the February European Council. But they knew very well, and they had no intention of implying otherwise, that the process of reform could not stop there. Lamy agreed that, in communique terms, the objective at Toronto must be to move the Uruguay Round process forward a modest step, avoiding the extremes of over-ambition and a totally defensive approach. He was extremely scathing about the Canadian performance so far.

3. I confirmed that all this fitted in very much with our own approach. British Ministers had consistently taken the line with their American opposite numbers that the February package was a major step forward for which credit must be given, both in public statements and in terms of PSEs, at the negotiating table. No doubt they would continue to do so at Toronto. But the Uruguay Round negotiation could not be propelled forward by that line. I had little doubt that the Prime Minister would repeat at Toronto the views she had expressed on a number of occasions before about the crucial importance of pursuing agricultural reform policies on a worldwide basis so as to bring about substantial results in the Uruguay Round. Lamy said that was well understood. The Commission both expected it and welcomed it.

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Lamy said that he would keep in close touch with us about
communiqué language.

4. I expressed some disquiet about sounds coming out of Paris in favour of a "pause" in CAP reform. Lamy said this was complete nonsense and he had told Nallet, who was the main protagonist of it, that the Community could not afford such a pause. It was one thing to have a pause in major reform decisions. Apart from beef, there might indeed be a case for not trying to put major new proposals in place in the coming months. But the process of reform incorporated in the stabiliser regime and other measures such as milk quotas must be pursued vigorously if the whole effort was not to be wasted. Lamy said that he and Delors were taking this line with their contacts in Paris and believed that much of the talk about a pause was electorally motivated and would ~~be~~ abate once the new government took office and got into its stride.

European Council

5. We then had a brief talk about the European Council. I said that we found the process of discovering which particular monetary gimmick was the flavour of the week in Bonn both irritating and worrying. We were putting forward positive ideas of our own on the ecu, and certainly wanted to see further work done in this area, and some others in the monetary field, in order to move monetary cooperation in the Community forward in the years to come. But a number of the gimmicks being talked about in Bonn were likely to be both futile and time-consuming and to touch on matters that were distinctly sensitive in domestic politics in the UK. It would be absurd and rather sad if the Hanover summit, which had a real chance to be a harmonious one pointing the way ahead for the Community in the next year or two on the crucial issue of the Single Market, should run into serious trouble over monetary issues.

6. Lamy said that Delors completely agreed with this analysis. He was aware of, and welcomed, the UK ideas on the ecu. He was doing his best to get away from gimmicks. I suggested that contacts at both ministerial and official level between Delors and Lamy on the one hand, and our ministers and senior officials on the other, in the margins of the Toronto meeting, could be useful in paving the way to an outcome at Hanover that all could accept. Lamy took that on board.

7. I took the opportunity to warn Lamy pretty firmly about the "social dimension". I hoped that Delors was under no illusion about the acceptability to us of ideas on worker participation and social engineering. Lamy said that Delors was under no such illusion and was not going to press for any specific results in this area at Hanover. Kohl was the main proponent of a

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discussion of this at Hanover, but he too was not interested in specifics. He was having trouble at home on the trade union front, and merely wanted to use some vague references in the communique to the "social dimension" to help him in handling these. Lamy did not take very seriously the Greek and Spanish espousal of this sector. Nor did he think the French would be pressing hard on specifics. As to the Commission, the main thrust would be to develop their own dialogue with the social partners (unions and employers) as provided for in the Single European Act.

D.H.A. Hannay

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