

CONFIDENTIAL

Mr Jay

S W S W S W

Secretary of State's Dinner with President Delors,
Brussels, 5 February: Enlargement

The Secretary of State asked whether it was right that Delors now accepted the case for enlargement of the Community, provided the process was taken forward with intellectual rigour.

Delors said that the task given to the Commission at Maastricht, to deliver a general report on enlargement, was very difficult. There were many different criteria, by which the issue had to be judged: institutional, external, and internal. The Commission had calculated that their report had to cover the potential enlargement of the Community to 35 members. In the first wave of enlargement, covering probably Sweden, Finland, Norway and Austria, the institutional difficulties would be tolerable. But there would be problems over the other applicants, both from the south and from central and eastern Europe. Genscher was greatly complicating the picture by his repeated forward statements on enlargement to the east. Even with the EFTA countries, it was for consideration whether negotiations should not be put off until 1994 to allow the full implications of Maastricht to be absorbed within the Community and the new applicants to know clearly the shape of the *acquis* which they would have to accept.

The Secretary of State said that we should be welcoming to the EFTAN applicants. This meant making the necessary preparations this year for negotiations to open by the end of the year or early 1993. With one year for negotiation and one for ratification, the EFTAN applicants might enter the Community in 1995. This would be on the basis of full acceptance of the *acquis*. If we kept to this timetable, the IGC agreed for 1996 would be able to consider what institutional reform might be necessary before further enlargement, against our experience with the first wave. The three southern applicants would require separate, individual solutions. But the message to the central and east Europeans could be more welcoming with the clear prospect of membership once they had developed sufficient political and economic maturity and taken the decision to apply.

Delors appeared genuinely persuaded by this analysis, at least on the timetable for the first wave of applicants from EFTA. He said that he personally would have no objection to negotiations starting in 1993, if that were possible. He was

/ready

CONFIDENTIAL

CONFIDENTIAL

ready to ask the Commission to begin informal, advance reflections on potential applications from Norway and Finland. He had assured Mrs Brundtland that the tight Norwegian domestic political timetable, which ruled out a formal application before the autumn, would not be a bar to consideration of Norway with the others in the first wave.

In further discussion, Delors made the following further points:

- it would be possible to conduct a global negotiation with all the EFTAN applicants together, covering most issues;
- because of the EEA, these negotiations would be much simplified;
- the key for handling Malta would be to develop a case for distinguishing them from Luxembourg (a founder member etc).

Since the collapse of the Soviet Union, and the rise of Moslem fundamentalism, Turkey was of even greater importance. *Temporarily retained*

- Switzerland. Delors did not think an early Swiss application was likely, since it would require fundamental constitutional change. Others (eg Lamy and Williamson) considered an early Swiss application increasingly likely.
- European Parliament. Both Delors and Lamy were clear that EP assent was only necessary under Article 237 before ratification, not at any earlier stage in handling an application.
- A possible model for EC relations with small states (eg Malta) would combine a free trade zone and binding consultation over CFSP. This would be supplemented by CSCE membership. (Lamy mentioned the solution created for Luxembourg membership of EURATOM, as a precedent for a close institutional relationship short of membership).

For Eastern Europe, Delors argued that enlargement should not be considered the only possible relationship. The CSCE had potential, provided it could be developed and improved with an institutional machinery and a solid dispute settlement mechanism. The idea of a "common European home" could yet prove useful. The central and east European states should also be encouraged to diversify their trade links. It might prove sensible for a second regional trading group to

/develop

CONFIDENTIAL

THIS IS A COPY. THE ORIGINAL IS
RECEIVED IN SECTION 3 (4)
BY THE RECORDS ACT

CONFIDENTIAL

develop among these countries, with very close links to the EC. The Secretary of State said he was sceptical about CSCE. Unlike the EC and NATO, it had no roots. Membership, even of an improved CSCE, could be no substitute for enlargement. The CEE countries themselves were not interested in any eventual relationship with the Community short of full membership. Nor would they be attracted by a payments union or separate Eastern European trading group, if that excluded or discouraged enlargement.

On the long term size, Delors said that he could not imagine a Community of 35. The Secretary of State said that even at 25 changes would be needed. When that time came, the choice would be between reform with a centralising or a decentralising philosophy. The case for the latter had not yet been fully elaborated, but could include greater emphasis on subsidiarity, the development of agencies and possible greater use of variable geometry. It would not mean the return to a Europe of nation states, which Delors had warned against. Delors emphasised that his own thinking on this was only exploratory. But he was convinced of the need to examine global European architecture in realistic terms. In the short term, he was an enthusiast for EFTAn membership of the Community: the Nordic traditions would enrich the Community and add to its diversity.

In conclusion, Delors said that the Commission would need to produce a prudent report on enlargement at Lisbon. The Secretary of State agreed that it would be awkward to be explicit at this stage in the process. The report might aim to sketch out the range of problems but, so far as possible, avoid controversy.

CNR Prentice

6 February 1992

(C N R Prentice)

cc: PS
PS/Mr Garel-Jones
PS/PUS
Mr Appleyard
Mr Greenstock
Heads of: ECD(E)
ECD(I)
WED
Planners
Special Advisers (2)

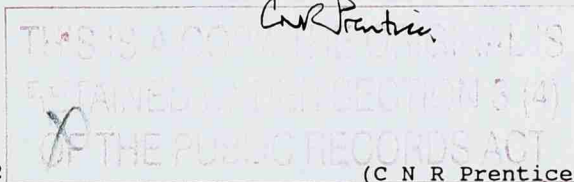
CONFIDENTIAL

CONFIDENTIAL

develop among these countries, with very close links to the EC. The Secretary of State said he was sceptical about CSCE. Unlike the EC and NATO, it had no roots. Membership, even of an improved CSCE, could be no substitute for enlargement. The CEE countries themselves were not interested in any eventual relationship with the Community short of full membership. Nor would they be attracted by a payments union or separate Eastern European trading group, if that excluded or discouraged enlargement.

On the long term size, Delors said that he could not imagine a Community of 35. The Secretary of State said that even at 25 changes would be needed. When that time came, the choice would be between reform with a centralising or a decentralising philosophy. The case for the latter had not yet been fully elaborated, but could include greater emphasis on subsidiarity, the development of agencies and possible greater use of variable geometry. It would not mean the return to a Europe of nation states, which Delors had warned against. Delors emphasised that his own thinking on this was only exploratory. But he was convinced of the need to examine global European architecture in realistic terms. In the short term, he was an enthusiast for EFTAn membership of the Community: the Nordic traditions would enrich the Community and add to its diversity.

In conclusion, Delors said that the Commission would need to produce a prudent report on enlargement at Lisbon. The Secretary of State agreed that it would be awkward to be explicit at this stage in the process. The report might aim to sketch out the range of problems but, so far as possible, avoid controversy.



6 February 1992

cc: PS
PS/Mr Garel-Jones
PS/PUS
Mr Appleyard
Mr Greenstock
Heads of: ECD(E)
ECD(I)
WED
Planners
Special Advisers (2)

CONFIDENTIAL