



An Chartlann Náisiúnta
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*to Mr. McCann
John for you, re aid for peace
EU Aid for Peace Process
Protocol
Angels.*

Taoiseach's meeting with Mr. Jacques Santer, President -

designate of the European Commission,

Tuesday, 13th September, 1994.

Mr. Larkin
[Signature]

hmm
20-9-94

NOTE:

1. The Taoiseach met Mr. Santer in Government Buildings at 6p.m. on Tuesday 13th September, 1994. The principals had a tete-à-tete lasting about 15-20 minutes. During this time, there was a discussion on EU aid for the Northern Ireland peace process among the officials - Mr. Jim Cloos, Chef de Cabinet-designate, Ambassador Joseph Weijland, Luxembourg Ambassador to Ireland and Mr. Romain Kirt, Private Secretary to Mr. Santer, on the Luxembourg side and Messrs P. Teahon and W. Kirwan, Secretary and Assistant Secretary, Department of the Taoiseach and Mr. Sean Ó hUiginn, Assistant Secretary, Department of Foreign Affairs, on the Irish side. The principals then joined officials and the meetings continued until 7 p.m. Outside the doors of Government Buildings, the Taoiseach and Mr. Santer answered journalists' questions which were entirely about current developments in regard to Northern Ireland. The party then went to dinner in the restaurant, Le Coq Hardi and, later, to the second half of the cabaret at Jury's Hotel.

2. The main topics covered in the discussions over the evening were:
 - (1) the renomination of Mr. P. Flynn as Ireland's member of the European Commission and what portfolio he should hold
 - (2) procedures for approval of the nominated Commission by the European Parliament
 - (3) the transfer to Dublin of the Commission's Animal and Plant Health Office
 - (4) high-level staffing in the Commission
 - (5) the future Commission's Work programme and the agenda for the EU for the future

- (6) recent statements by leaders and parties in some Member States, including on a multi-speed Europe
 - (7) EU support and aid for the Northern Ireland peace process
 - (8) nominations to the Commission by other Member States
 - (9) the succession of Presidencies, particularly in 1996-97
 - (10) candidacies for high-level positions in international bodies
 - (11) prospects for Economic and Monetary Union.
3. When the principals joined officials, the Taoiseach indicated that he had told Mr. Santer that the Government would be renominating Mr. Pádraig Flynn as Irish Commissioner. The Taoiseach did not refer explicitly to Irish Government wishes as to what portfolio, Mr. Flynn might hold. However, it is known that he expressed to Mr. Santer the wish that Mr. Flynn would retain his present portfolio, particularly Social Affairs. It is clear that Mr. Santer made no commitments at this stage - the Taoiseach noted that until the referenda took place in the Nordic candidate countries, Mr. Santer did not know how many Commissioners there would be.
4. In discussion among officials in parallel with the tete-á-tete, the Irish side referred to the immensely important recent developments in regard to Northern Ireland and to the question of EU aid to support the peace process. Reference was made to the presentation to the informal Foreign Affairs Council in Usedom in Germany the previous weekend by the Tánaiste and Foreign Secretary Douglas Hurd; to the agreement that the two Governments would consult and put proposals as to EU support to the Commission which would bring proposals before the General Affairs Council, which had meetings fixed for 4th October and 31st October; and to the need to ensure that a Commission decision to increase the 1995 EU contribution to the International Fund

for Ireland by 5 million ECU would not emerge in isolation. If it did, it would appear as an anti-climax and give an entirely wrong political signal. It would be preferable to hold over any announcement of this decision until the wider follow-up on Usedom was emerging or, as a minimum, to ensure its presentation as part of a much wider EU response. The IRA ceasefire was a development which, in Irish terms, had a political resonance comparable with the fall of the Berlin Wall and German reunification. The EU had made a substantive and imaginative response to the absorption of the ex-GDR and the same type of imagination should be shown in developing a response to events in Ireland.

5. Arising from Usedom, there was to be a sustained dialogue on EU support and one should await the outcome of this. Peace would bring great economic benefits but in the immediate short-term in Northern Ireland, there could be a downside in terms of a reduction of security-related expenditures. In the medium to long-term any losses in this way would be outweighed by the gains in greater confidence, investment, tourism etc. but there was a need for a significant package in the early stages. Northern Ireland was, of course, within the EU already and in receipt of substantial EU financial flows.
6. The Luxembourg officials took careful note of all of the above. It was clear that Mr. Jim Cloos had an acute political understanding and was picking up the major importance of this issue in Irish eyes. They referred to the possibilities offered by Community Initiatives as a vehicle for EU support.
7. When discussion on this matter was again taken up with the Taoiseach and Mr. Santer present, the Taoiseach expressed the firm conviction that the IRA cessation of violence was permanent. It would take time for the loyalist

parliamentaries to follow suit. Loyalists and unionists had not believed a cessation of violence would come as quickly as it did: consequently they had not thought through their responses to it. Even on its eve, Prime Minister Major had not expected a complete cessation. What had happened represented a huge leap by the IRA. Time was needed for various concerned parties to adjust their thinking. We were currently seeing a holding operation on the part of the UK Government.

8. However, he had spoken to Mr. Major by telephone the previous Saturday. It was clear that Mr. Major was moving at the pace he judged right, in order to bring unionists along with him. On the Irish or nationalist side, however, there was a need to consolidate the cessation of violence and to show early evidence that the political process can be made to work and to yield results. To those who said that he (the Taoiseach) was moving too fast, he would reply that the pace at which he had moved was necessary in order to move the process along. He had, however, set no deadlines.

9. As to EU support, President Delors had said some time ago that if the stage was ever reached where a peaceful settlement was in sight, the EU would be there to offer support. The troubles of 25 years had devastated areas with substantial populations - both urban areas and the border areas where some areas had become economic wastelands. The question had been discussed at Usedom and Delors had said the Commission would propose increasing the EU contribution to the IFI by 5 million ECU. The goodwill motivating this gesture was appreciated but, in isolation, it could be seen in Northern Ireland as an anti-climax. Such an amount would not be seen as making an impact on the areas concerned. The two Governments would be looking at all possibilities, including the IFI, the Structural Funds, the Community Initiative etc.

10. When he talked to Prime Minister Major, the latter had through it best that, once the British Government were satisfied as to the permanence of the ceasefire, there should be a private top-level meeting involving the Taoiseach, the Prime Minister and President Delors to decide on the support steps to be taken, on the basis that the system would then come in behind their decisions.
11. Mr. Santer mentioned that he had received a letter on this whole matter from Mr. Major two days previously. Mr. Santer said that the EU response must be a "major, globalised" one, embracing both financial assistance and the application of EU policies. The response must be at once political and economic. He sought the Taoiseach's further reading of how the situation would evolve.
12. The Taoiseach believed that the approach now in train would work, even through there would be difficulties along the way. The unionist population will bring pressure on the loyalist paramilitaries to stop. The latter have several times said that their activity was reactive and that if the IRA stopped, so would they. The two Governments were very advanced with work on a joint Framework Document, aiming at lasting solutions. Both Governments were optimistic that this document would stick, so long as they were seen by both communities in the North as not wanting.
13. Mr. Ó hUiginn made the point that the European agenda represented neutral grounds as between nationalists and unionists, ground on which they could co-operate. The Taoiseach agreed, noting that both Ireland and the UK have pooled sovereignty in the E.U., so European support should not be an issue. The European flag is common to both sides.
14. He and Prime Minister Major were by no means at cross purposes as regards taking the process forward. Both were

proceeding at a pace appropriate in their respective circumstances. They were like trains on parallel tracks travelling in the same direction at different speeds - but which will arrive at the same railway station.

15. In the earlier discussion between officials, the Irish side noted that in preliminary thinking as to how the Forum for Peace and Reconciliation would go about its business, they had adverted to the possibility that the Commission could make a presentation to the Forum on European support for the peace process. This could cover not only possible new support, but also existing EU assistance to Northern Ireland, through the Structural Funds and otherwise, of which the more alienated sections of the Northern Ireland population would not be conscious.
16. The Taoiseach raised procedures for approval of the nominated Commission by the European Parliament. Mr. Santer said that he was not in favour of E.P. hearings of individual nominees for the Commission before it met and discussed its programme. It was supposed to act as a college and such hearings could give rise to damage or threats to collegiality. The Taoiseach concurred. Mr. Santer said that discussions were in train with Mr. Hansch, President of the Parliament, who seemed to understand this and other difficulties e.g. the likely late nomination of Nordic Commissioners. There were doubts, however, as to whether Mr. Hansch could deliver the Parliament for a simple hearing, at a late stage, of the entire group of nominees, as a bloc, by a special Ad Hoc Committee of the E.P. Mr. Cloos said that they were seeking flexible formulae which would enable the E.P. to maintain that they had achieved the aim of holding hearings - but without damage to collegiality.
17. The Taoiseach referred to the decision of the special European Council in Brussels on 29th October, 1993 that the

Commission's Animal and Plant Office should be located in Dublin. Decentralisation was never greeted with enthusiasm, whether at national or European level, by the public servants involved. There had been some resistance in this case. He had raised the matter in Corfu with President Delors and had since received assurances. He wished Mr. Santer to take an interest in delivery on those assurances. Messrs Santer and Cloos said that the European Council decision must and will be implemented. Mr. Cloos recalled that, as Chef de Cabinet to Commissioner Steichen he had been involved in ensuring follow-up on the decision (one received the impression that he was strongly committed to its implementation). When the decision was being taken, the Taoiseach had staffing of up to 150 mentioned to him. The problem was that the office only had 50-60 staff at present. However, it may be possible to build this up - objectively, there was a need for the Commission to strengthen its capacity in this area, in particular given the extent of public concern about food quality and safety.

18. On high level staffing in the Commission, the Taoiseach noted that for some time now, Ireland had not had a Director General heading a full Directorate-General. We had had one in the past but had lost out in changes in recent times. There would be further adjustments to structures and staffing as a result of enlargement and we wanted to restore Ireland's position. Mr. Santer noted the point.

19. The Taoiseach referred to problems and misunderstandings in recent years between the Irish Government and the Commission in regard to Regional Policy and Structural Funds e.g. the Tánaiste reaching an agreement with President Delors on figures which it had not been possible to follow through. There was no need for confrontation in areas like this and it helped nobody. There had been tensions, involving Commissioner Millan and even had

feeling between officials. All this was unhelpful and better avoided. The Irish Government believed that if there was an Irish official at senior level in DG XVI, it would greatly help to ensure mutual understanding and harmonious relations. Again, Mr. Santer's side simply took note.

20. On the work programme of the future Commission, the Taoiseach referred to the excellent performance of the Irish economy in many respects - and that Ireland and Luxembourg were the only two countries conforming to the Maastricht criteria - but noted that unemployment was the great unresolved problem for Ireland. We had worthwhile growth in employment but not enough. Mr. Teahon referred to the efforts being made to tackle long-term unemployment, through development programmes at local level. Mr. Santer noted the strong growth in young people in the labour force in Ireland: in ways, this was a strength that other European countries did not have. There was reference to the continuing fall in numbers employed in farming. Mr. Santer noted that the Commission were preparing a paper for the Essen European Council on innovative ways of promoting jobs. The Irish side recalled that, at Corfu, the Taoiseach had undertaken to supply a paper on our innovative approaches in local development and social partnership. This was being prepared. Debate had recently re-commenced on the issues for the 1996 IGC but it was important to keep the economic issue high on the agenda as Mr. Santer had recognised in his speech to the European Parliament last July.

21. Mr. Santer took up the reference to the recent debate about multi-speed Europe. He had visited Italy, Portugal and Spain and in all these countries these issues were being debated. We had to see how the E.U. can operate in the 21st century, with a larger, more diverse membership. It was, however, important that everybody stay at the same

level (evidently, a reference to ideas of several tiers). The conclusions should not be set out before the analysis had been done.

22. Mr. Teahon referred to the prospective complexity of the 1996 IGC, with such a wide range of issues apparently likely to be brought to it, including possibly implementation of the Maastricht provisions on EMU. Mr. Santer referred to the need to consider the future architecture of Europe as a whole, going beyond just the European Union. All the Southern Member States were greatly concerned about North Africa, its future and the risks of major migratory flows from there into their countries. The Irish side made the point that the diversification of geographical interests only underlined the need to retain a strong cohesive core covering all Member States - otherwise, there was the risk of various parts splitting off the Union.
23. The Luxembourg side agreed that the timing of recent papers and statements had been bad vis-à-vis the referenda to be held in the Nordic countries. Mr. Cloos also commented that it had been very clumsy of the CDU/CSU paper to name countries seen as initially constituting an inner tier or hard core. However, the paper did say that doors should be held open to all Member States. But, more generally, there was much that was good in the paper. From the German side it represented a true plea for European integration, as the best framework for Germany in Europe.
24. The Luxembourg side, including Mr. Santer, were quite strong in opposing any view or expectation that EMU would come into the business of the 1996 IGC. This had all been covered by the Maastricht Treaty. It had been clear then that the Germans did not want the DM to be replaced by a currency influenced by countries that did not have full economic stability and convergence. But all the provisions

necessary to satisfy their concerns were included in the Maastricht Treaty. The thing now was to go ahead and apply those provisions. These contained two possible dates, 1997 and 1999. The latter did not need a majority of Member States meeting the Maastricht convergence criteria. This was a requirement for a 1997 move but it now appeared possible that there could be a majority of Member States so qualifying by that time. In discussion over dinner, the Luxembourg side expressed the view that the interests of the city of London would force the British to come in later, if they did not do so at the beginning.

25. Mr. Cloos said that, more broadly, it was now necessary to apply the Maastricht Treaty vigorously, in particular in the second and third pillars. He and Mr. Santer felt that the E.U. had to face up to the question of its own security. How many U.S. troops were left in Europe? The trend was clear in regard to U.S. positions on troops in Europe - it was towards their leaving. Europe had relied on the U.S. shield but would henceforth have to take greater responsibility for its own security, including having its own satellite surveillance. Nobody knows what is going to happen to the East.

26. On the Irish side, it was explained that Ireland had taken a number of steps to position the Government to have a range of options open to it when this issue had to be faced in the context of the 1996 IGC. It would be a difficult issue for Ireland, if only in the sense that the Government had undertaken that any changes would be subject to a popular referendum. Thus, the Government would have to be able to bring the people with it on whatever position it adopted. Much would depend on how far the evolution of an EU defence policy would be perceived as conforming with the values that had clustered around Ireland's military neutrality. People might be ready to accept that the EU should be able to defend itself from attack or to intervene

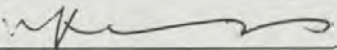
to prevent a conflict in Europe. But if, for example, at France's instance, there were to be a move to project Eu military force into Algeria, to uphold European interests e.g. by stopping an Islamic Government coming to power, the limits of the public's tolerance might be exceeded. Ambassador Weijland, however, posed the question as to what would Europe's response be if it were called upon to intervene in Algeria in a situation where thousands of people were being killed.

27. Mr. Santer and Ambassador Weijland expressed some doubts about how far the 1996 IGC would in fact turn out to be a "big bang". Some Member States might push in this direction but changes requires the agreement of all Twelve Member States and this might dilute the outcome. It was agreed that smaller Member States would face difficult issues. The positions to be taken on some e.g. retaining a member of the Commission were evident but others were less obvious e.g. on strengthening further the powers of the European Parliament and its role, vis-à-vis that of national parliaments, in accountability.
28. On nomination to the Commission, it was confirmed that Germany has nominated Vice-President Bangemann and Mrs. Wulf-Mathies. If, however, the FDP dipped below the 5% threshold in the German Bundestag elections, Mr. Bangemann's nomination might come up for review. However, Mr. Santer expected the FDP to get about 8% and also that Chancellor Kohl would win the election. An imponderable, however, was the effect on high support levels for the PDS in the eastern Lander, which had been high in the Land elections the previous Sunday in Saxony and Brandenburg.
29. It was also confirmed that Italy was holding over its nominations, until, inter alia, the outcome of the Danish election was known. Mr. Santer stressed, however, that even if Mr. Christopherson remained the Danish

Commissioner, he had no lien on his present, economic portfolio and that the same applied to all other continuing Commissioners. It was now clear that there would be at least 2 women in the next Commission and Mr. Santer hoped that at least one more would be nominated, perhaps from a Nordic country, possible Norway.

30. On the succession of Presidencies, it was noted that Italy preceded Ireland and that the Netherlands followed us. The Luxembourg side referred to their experience in the past of following Italy. Despite having some top-class diplomats, the latter was somewhat disorganised. This meant that the following Presidency could inherit some problems but could enjoy kudos if it organised business effectively. The Irish side mentioned that planning for the 1996 Presidency was already under way. We would face a major staffing problem for the peak represented by the Presidency and one idea being considered was to borrow some staff of Irish nationality from the Commission services for the duration.
31. On candidacies for high-level posts in international bodies, Mr. Santer said that Mr. Willy Claes was now a strong runner for Secretary-General of NATO. Queried as to Mr. Lubbers, he thought that the latter now wished to return to business. The Luxembourg side expressed surprise that Mr. Peter Sutherland was walking away from the post of Director-General of the World Trade Organisation. Ruggiero would now be the EU candidate for this post but Mr. Salinas, former President of Mexico, now seemed best placed to get it. The post of OECD Secretary-General was mentioned. The Taoiseach noted the strong U.S. support for Mr. Johnston, the Canadian candidate. He thought it unlikely that the U.S. would accept Mr. Jean-Claude Playe for a further term.
32. On the invitation to Mr. Santer from IBEC to attend in 1995, their Annual Economic Conference, the Taoiseach

explained that this was in the Spring, that IBEC was the main representative business organisation in Ireland and that its conference afforded an excellent platform. Mr. Santer took note that it was in the Spring - apparently as a positive factor - but Mr. Cloos said that they already had hundreds of invitations. In reply to a question, he said that they had not yet accepted any invitation from the British CBI.



Walter Kirwan,
Assistant Secretary.

16th September, 1994.