

23rd January, 1969.

P.R. 1/69

The Secretary,
Department of External Affairs.

CONFIDENTIAL

With reference to telephone conversations with Mr. Tadgh O'Sullivan on the 10th, 13th and 21st January, 1969 regarding the Netherlands proposal to hold a conference of Foreign Ministers with the object of implementing the declaration of the European Parliamentary Congress at the Hague last November, I have the honour to confirm that, at his invitation, I called upon Dr. Jurg Iselin, Head of the Integration Section of the Economic Department on the afternoon of Monday, 20th January. The function of Dr. Iselin's Section is to act as liaison for EFTA, EEC and similar questions between the Economic Department which has primary responsibility for such matters and the Political Department.

Dr. Iselin began by apologising for the delay in receiving me to discuss the Swiss government's attitude towards Mr. Luns's proposals and said it was partly due to the fact that the telegram from their Embassy at the Hague reporting the specific questions posed by the Dutch as indicated in Dr. MacWhite's P.R. 1/69 of 3rd January, 1969, had apparently lain unattended to in the Political Department for some days before the Economic Department was informed of it (an interesting comment on Swiss efficiency). A second reason for the delay was, however, the fact that the Swiss Government have as yet taken no decision as to the nature of the reply to be made to the Dutch. The matter has not yet even been discussed by the Government nor with the Parliamentary Committee on Foreign Affairs. When I expressed some surprise that prior consultation with the latter would be regarded as necessary in such a case, Dr. Iselin assured me that, in view of the importance from the Swiss point of view of a number of the questions involved, especially defence and foreign policy, he felt virtually certain that the Government would not act without at least the approval of the Foreign Affairs Committee.

Getting down to the probable nature of the Swiss reply, Dr. Iselin pointed out that, on the one hand, the Swiss have long urged the need for commercial arrangements as at least an interim solution of the existing impasse within Europe and referred me in this connection to the statement made by Dr. Schaffner, the Economics Minister, on the 21st November, 1968, at the Vienna meeting of EFTA. I enclose* for your information a copy of this statement (the underlinings are my own). On the other hand, Dr. Schaffner, while expressing "our readiness to consider in a positive spirit any constructive proposals that might be put forward by the Community" qualified this by adding "provided that they are in conformity with our international obligations", an obvious reference to Swiss neutrality and her reluctance to assume any commitments in the fields especially of defence and foreign policy (paragraph 2 of Dr. Schaffner's statement). It is obvious that these considerations were the reasons for Dr. Schaffner's concentrating in his statement on the improvement of economic

* not circulated.



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cooperation and trading arrangements, directed certainly towards greater European integration but by no means excluding other countries, especially the U.S., nor ignoring the provisions of GATT.

It will also be observed that Dr. Schaffner did not consider that joint consultations with the EEC countries, which of course would be involved, although necessarily on a ministerial level, would have to be of a formal character or in any way institutionalised (paragraph 6c of his statement).

I also enclose a second document headed "European Integration - Draft Insertion for the Summary Record" which reduced Dr. Schaffner's views to a definite proposal and which the Swiss delegation apparently intended to submit to the Vienna conference. As I understand it, however, the document was not presented formally to the conference but copies were given to the Permanent Representatives.

I remarked to Dr. Iselin that the Tanaiste also had expressed doubts at the Hague Conference of Parliamentarians (at which Switzerland was not represented ministerially) regarding the wisdom of setting up new institutional arrangements for cooperation outside the ambit of the European Communities on the grounds that new institutions might prove divisive and therefore counter-productive. I added that our position was, of course, different from that of Switzerland in so far as we were applicants for membership of the EEC and were not unduly deterred by any possible defence or foreign policy aspects since we, unlike the Swiss, were not permanently neutral as a matter of principle but simply did not happen to be a member of any military alliance. We naturally understood Switzerland's situation but the Swiss seemed to take a much stricter view of the requirements of neutrality than either Sweden or Austria. Dr. Iselin agreed and said that there had been some talk of consultation between the three neutrals in question with the object of clarifying and improving their negotiating powers. However, the Swedish view of consultation had in practice been confined to showing the Swiss (and presumably the Austrians) their intended reply to the Netherlands on the day before the reply was actually delivered. I understand that you have been informed by the Embassy at Stockholm of the nature of the Swedish reply.

I asked Dr. Iselin if he could elaborate on the fields in which the Swiss envisaged the possibility of wider cooperation. He replied by mentioning technology, economics, monetary problems and youth (sic) questions. The Swiss also thought that a possible line of approach, having regard to the difficulties facing the neutrals, would be for them to be observers rather than full participants in any conferences which might be called and which might involve such "non-neutral" questions as defence and foreign policy. I myself referred here to the fact that Switzerland is not officially a member of the Club of Ten but has simply observer status; nevertheless I had little doubt that Swiss views carried very substantial weight at meetings of the Club, a statement with which Dr. Iselin agreed. Presumably Switzerland would hope to play a somewhat similar role if the Netherlands ideas produced concrete results.

Dr. Iselin also suggested that another approach, but one not necessarily excluding the first, would be to set up working groups which need not be composed of all the countries involved generally.

A further point made by Dr. Iselin - although I doubt if great importance should be attached to it - was the fact that the Netherlands proposals did not include Portugal. Portugal was, after all, he remarked, a member of EFTA even if one did not like her internal political regime.

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Finally I inquired of Dr. Iselin whether I would be correct in reporting to my Government that the Swiss reply to the questions posed by the Netherlands was likely to be generally sympathetic but extremely cautious having regard to the neutrality aspects involved. Dr. Iselin replied that he thought this a fair summing up of what would probably be the Swiss position. I should add however that I received the very definite impression that the Swiss would be in no great hurry about replying to the Netherlands and that it was not unlikely that they would delay their answer till after the WEU meeting in Luxembourg on the 6th and 7th February. In any event Dr. Iselin promised to let me know the nature of the Swiss reply as soon as it had been finally decided.

Frank Biggar.

Ambassador