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PREM 19/2979

~~SECRET~~ Confidential Filing

European Council Meeting

in Italy December 1990

+ Informal Eurocouncil Meeting in Rome 27 & 28 October 1990. (Brief in Attached folder).

EUROPEAN

POLICY

~~Documents~~

Pt 1 October 79

A-387 Dec 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19.7.90							
29.9.							
7.9.90							
24.9.90							
12.10.90							
19.10.90							
22.10.90							
7-11-90							
4-12-90							
10.12.90							

PREM 19/2979

PART 387 ends:-

Andreotti to PM 7/11/90

PART 38A begins:-

FLO to CDP 8/11/90

TRADE NTBS Pt 8 BY
Pt 7 PA

PM TOURS Wash.
DEFENCE Wr Gatz.



*Al Presidente
del Consiglio dei Ministri*

Subject
a OPS
MASTER.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T245A/90

Roma, 7 novembre 1990

Caro signor,

La ringrazio per la Sua gentile lettera in
relazione al Consiglio Europeo di Roma.

Sono lieto che nel frattempo gli sforzi della
Presidenza abbiano conseguito i risultati da tutti noi
auspicati in tema di Uruguay Round.

Le invio i miei migliori saluti.

S.E. Margaret THATCHER
Primo Ministro del
Regno Unito
L O N D R A

UNOFFICIAL TRANSLATION

Letter

to: The Rt Hon Margaret Thatcher, MP
from: Signor Giulio Andreotti
date: Rome, 7th November, 1990

Dear Mrs Thatcher,

Thank you for your kind letter concerning the European Council in Rome.

I am glad that, in the meantime, the efforts of the Presidency have made possible the results which we had all hoped for in the matter of the Uruguay Round.

I send you my best regards.

Yours

Signed: Giulio Andreotti

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FRAME GENERAL

MEETING OF SPECIAL REPRESENTATIVES, 30 OCTOBER 1990

PRESIDENCY HANDLING OF THE ROME EUROPEAN COUNCIL

SUMMARY

1. SOME HELPFUL (TO US) CHIDING OF THE PRESIDENCY FOR RUSHING ITS FENCES IN ROME. I SPOKE TO FCO TELNO 328 AND CIRCULATED A SPEAKING NOTE. FRANCE AND BELGIUM REGRETTED THAT MORE EFFORT HAD NOT BEEN MADE TO ACHIEVE CONSENSUS. NETHERLANDS COMPLAINED THAT A TEXTUAL CHANGE REQUESTED BY VAN DEN BROEK, AND ALLEGEDLY AGREED BY THE PRESIDENCY, WAS THEN NOT INCORPORATED. FOR DISCUSSION OF FUTURE WORK ON INSTITUTIONAL REFORM SEE MIFT.

DETAIL

2. I SPOKE TO FCO TELNO 328, EXPRESSING YOUR SURPRISE AND DISAPPOINTMENT AT THE WAY THE PRESIDENCY HAD TRIED TO ANTICIPATE IGC DISCUSSION AND EXPLAINING IN SOME DETAIL THE THINKING BEHIND OUR RESERVES. I CIRCULATED A SPEAKING NOTE (BY FAX TO ECD(I), FCO BASED ON PARAS 4 AND 5 OF TUR).

3. BOISSIEU (FRANCE) REGRETTED THE WAY THE COUNCIL HAD ENDED WITH A SERIES OF RESERVATIONS ON THE FINAL DOCUMENT. HE URGED CAUTION ON THE PRESIDENCY, LEST OVER-AMBITION RESULT IN TEXTS EMERGING WHICH FAILED TO REPRESENT GENUINE CONSENSUS AND ACCORDINGLY LACKED AUTHORITY. ALLOWING RESERVES INTO EUROPEAN COUNCIL CONCLUSIONS WAS BAD PRACTICE AND WOULD DEVALUE THE WORK OF THE EUROPEAN COUNCIL.

4. DI ROBERTO (PRESIDENCY) TRIED TO ARGUE THAT BOISSIEU'S COMMENTS MISSED THE POINT. THE UK HAD CHOSEN THE ROUTE OF ENTERING RESERVATIONS. DE SCHOUTHEETE (BELGIUM) THOUGHT IT

NONETHELESS A BAD PRECEDENT, WHICH THE PRESIDENCY WOULD BE WELL ADVISED NOT TO REPEAT. I POINTED OUT THAT IT HAD IN FACT BEEN THE PRESIDENCY WHICH HAD PROPOSED AGREEING A TEXT ACCEPTABLE TO ELEVEN, WITH RESERVATIONS FROM THE UK. WE WOULD HAVE PREFERRED A CONSENSUS TEXT WHICH WOULD HAVE BEEN A FAR MORE POSITIVE APPROACH.

5. NIEMAN (NETHERLANDS) THOUGHT A NUMBER OF MISTAKES HAD BEEN MADE BY THE PRESIDENCY, ALTHOUGH HE NOTED THAT IT WAS DIFFICULT TO BE PRECISE GIVEN THE LACK OF CLEAR RULES OF PROCEDURE. HIS MINISTER HAD INSISTED ON THE DELETION OF THE SECOND SENTENCE ON PAGE 4 OF THE CONCLUSIONS (RELATING TO ADJUSTMENT OF THE TASKS OF THE EUROPEAN COUNCIL AND GENERAL AFFAIRS COUNCIL). THE PRESIDENCY HAD AGREED. YET IN THE FINAL TEXT THE SENTENCE STILL STOOD. THE NETHERLANDS WERE CONSIDERING WHETHER TO ENTER THEIR OWN RESERVATION ON THIS POINT, ALTHOUGH HE ACCEPTED THAT THESE WERE PRESIDENCY CONCLUSIONS WHICH, IN STRICT LEGAL TERMS, BOUND NOBODY.

6. AT DI ROBERTO'S REQUEST, ERSBOELL (SECRETARY GENERAL, COUNCIL) GAVE OUT HIS ACCOUNT OF THE EVENTS CITED BY NIEMAN. YOU HAD OBJECTED TO THE PASSAGE RELATING TO DEVELOPMENT OF QM, COMMISSION EXECUTIVE POWERS AND THE ECJ HAD BEEN DELETED AT YOUR REQUEST, SUPPORTED BY VAN DEN BROEK HAD REFERRED TO PROBLEMS WITH A LARGER PART OF THE TEXT BUT ANDREOTTI'S SUMMING UP HAD COVERED ONLY THE DELETION OF THE AREAS YOU HAD OPPOSED. NO-ONE HAD CHALLENGED THIS. DI ROBERTO ARGUED IN TURN THAT THE WORDING WAS ANYWAY FLEXIBLE ENOUGH TO SATISFY THE NETHERLANDS AND THEN THAT NIEMAN HAD SIMPLY GOT IT WRONG. NIEMAN INSISTED ON HIS UNDERSTANDING OF EVENTS AND RESERVED HIS POSITION ON TAKING IT UP MORE FORMALLY (WHILE HINTING STRONGLY THAT, HAVING MADE HIS POINT, HE WOULD NOT).

7. DE SCHOUTHEETE INTERVENED TO BRING DISCUSSION TO AN END BY NOTING, IN SUPPORT OF NIEMAN'S EARLIER COMMENT, THAT RESPONSIBILITY FOR SUCH TEXTS LAY WITH THE PRESIDENCY. DI ROBERTO CONCLUDED THAT IT WAS HELPFUL TO KNOW HOW COLLEAGUES FELT.

KERR

YYYY

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CONCLUSIONS OF THE PRESIDENCY

EUROPEAN COUNCIL

ROME, 27 AND 28 OCTOBER 1990

The European Council heard a statement from Mr BARON, President of the European Parliament, on the main topics on the agenda for the meeting. In his opening address, President ANDREOTTI also welcomed Germany's recovery of its national unity and congratulated Chancellor KOHL and Foreign Minister GENSCHER on the decisive roles they had played in this historic event which they saw as consciously helping to accelerate European integration.

I. PROGRESS TOWARDS EUROPEAN UNION

At this crucial time for Community integration, the European Council has decided to take a further step towards European unity.

The European Council held a detailed discussion, on the basis of the reports submitted by the Presidency, on the state of preparation of the two Intergovernmental Conferences on Political Union and Economic and Monetary Union to open in December of this year and to proceed simultaneously, in accordance with the timetable set in Dublin.

1. Conference on Political Union

The European Council expressed its appreciation of the report from the Presidency and of the Commission's Opinion pursuant to Article 236 of the Treaty, which constitute substantial contributions to future proceedings.

The European Council confirmed the will progressively to transform the Community into a European Union by developing its political dimension, strengthening its capacity for action and extending its powers (+) to other supplementary sectors of economic integration which are essential for convergence and social cohesion. European Union will be the culmination of a progressive process agreed by common accord among the Member States; it will evolve with due regard being paid to national identities and to the principle of subsidiarity, which will allow a distinction to be made between matters which fall within the Union's jurisdiction and those which must remain within national jurisdiction.

In accordance with the democratic tradition of all Member States, and to increase the democratic legitimacy of the Union, the progress of the Community towards European Union must be accompanied by the development of the European Parliament's role in the legislative sphere (+) and with respect to the monitoring of the activities of the Union, which, together with the role of the national Parliaments, will underpin the democratic legitimacy of the Union. This same requirement will be met by defining European citizenship (+), to be additional to citizenship of a Member State, as well as by taking account, in accordance with appropriate procedures, of the particular interests of the regions.

(+) On these points the United Kingdom delegation prefers not to pre-empt the debate in the Intergovernmental Conference.

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At the same time, efforts will be made to strengthen the other institutions within a balanced framework by developing the instruments and procedures which have hitherto guaranteed the Community's success. The tasks of the European Council and of the General Affairs Council will also be adjusted in line with these new responsibilities.

In the sphere of foreign policy, the European Council recorded consensus on the objective of a common foreign and security policy ⁽⁺⁾ to strengthen the identity of the Community and the coherence of its action on the international scene, both of which must be capable of meeting new challenges and commensurate with its responsibilities. The Community's international action will be open to the world and will give a significant role to development policy. The Community will also strengthen its links with the other European countries for which ever-closer co-operation structures must be sought geared to their individual circumstances.

The European Council noted the need to review the procedures and mechanisms for preparing, adopting and implementing decisions where foreign policy is concerned, so as to increase the coherence, speed and effectiveness of the Community's international action.

The European Council considers that no aspect of the Union's external relations will in principle be excluded from the common foreign policy. The European Council noted that there was a consensus to go beyond the present limits in regard to security ⁽⁺⁾. The content and detailed rules for the role of the Union in the security sphere will have to be defined

(+) On these points the United Kingdom delegation prefers not to pre-empt the debate in the Intergovernmental Conference.

gradually in the light of the various aspects covered by this concept and without prejudice to the obligations arising out of the security arrangements to which Member States are party.

The European Council requests the Foreign Affairs Ministers to continue the preparatory work leading up to the opening of the Intergovernmental Conference. The Presidency will report on this work and will take account of the Opinions of the European Parliament and the Commission.

2. Conference on Economic and Monetary Union

The European Council in Madrid fixed the date for the start of the first phase of Economic and Monetary Union; in Strasbourg and Dublin it set the timetable for the Intergovernmental Conference and the ratification of its results. It now notes with satisfaction the important developments that have occurred in the wake of these decisions.

The European Council takes note of the results of the preparatory work that constitutes the basis for the Intergovernmental Conference.

For the final phase of Economic and Monetary Union eleven Member States consider that the work on the amendment of the Treaty will be directed to the following points:

- for Economic Union, an open market system, that combines price stability with growth, employment and environmental protection; and is dedicated to sound and sustainable financial and budgetary conditions and to economic and social cohesion. To this end, the ability to act of the Community institutions will be strengthened;

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- for Monetary Union, the creation of a new monetary institution comprising Member States' central banks and a central organ, exercising full responsibility for monetary policy. The monetary institution's prime task will be to maintain price stability; without prejudice to this objective, it will support the general economic policy of the Community. The institution as such, as well as the members of its Council, will be independent of instructions. It will report to the institutions which are politically responsible.

With the achievement of the final phase of Economic and Monetary Union, exchange rates will be irrevocably fixed. The Community will have a single currency - a strong and stable ecu - which will be an expression of its identity and unity. During the transitional phase, the ecu will be further strengthened and developed.

The second phase will start on 1 January 1994 after:

- the single market programme has been achieved;
- the Treaty has been ratified; and, by its provisions:
 - a process has been set in train designed to ensure the independence of the members of the new monetary institution at the latest when monetary powers have been transferred,
 - the monetary financing of budget deficits has been prohibited and any responsibility on the part of the Community or its Member States for one Member State's debt precluded;

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- the greatest possible number of Member States have adhered to the exchange rate mechanism.

The European Council recalls that, in order to move on to the second phase, further satisfactory and lasting progress towards real and monetary convergence will have to be achieved, especially as regards price stability and the restoration of sound public finances.

At the start of the second phase, the new Community institution will be established. This will make it possible, in particular:

- to strengthen the co-ordination of monetary policies;
- to develop the instruments and procedures needed for the future conduct of a single monetary policy;
- to oversee the development of the ecu.

At the latest within three years from the start of the second phase, the Commission and the Council of the monetary institution will report to the ECOFIN Council and to the General Affairs Council on the functioning of the second phase and in particular on the progress made in real convergence, in order to prepare the decision concerning the passage to the third phase, which will occur within a reasonable time. The General Affairs Council will submit the dossier to the European Council.

The Treaty may lay down transitional provisions for the successive stages of economic and monetary union according to the circumstances of the different countries.

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The United Kingdom is unable to accept the approach set out above. But it agrees that the overriding objective of monetary policy should be price stability, that the Community's development should be based on an open market system, that excessive budget deficits should be avoided, and that there should be no monetary financing of deficits nor the assumption of responsibility on the part of the Community or its Member States for one Member State's debts. The United Kingdom, while ready to move beyond stage one through the creation of a new monetary institution and a common Community currency, believes that decisions on the substance of that move should precede decisions on its timing. But it would be ready to see the approach it advocates come into effect as soon as possible after ratification of the necessary Treaty provision.

3. Organization of conferences

Both intergovernmental conferences will open on 14 December 1990. Arrangements for the organization of the Conferences will be as set out in Annex I.

II. RELATIONS WITH THE USSR

The European Council heard a preliminary report from the Commission following talks with the Soviet Government, held pursuant to its mandate from the European Council in Dublin, with a view to drawing up proposals on short-term credit and longer-term support to be given to structural reforms.

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The European Council stressed the importance attaching to the success of the reforms undertaken by the Government of the Soviet Union.

The European Council expressed the will that the Community should make a substantial, concrete contribution to the success of these efforts by means of co-operation in various areas.

The Commission was instructed to submit, before the next European Council meeting, proposals for the decisions to be taken.

Should any situation requiring emergency action arise before that date, the Council will take whatever decisions are required on the basis of proposals from the Commission.

The European Council stressed the importance of close co-operation between the Community, the competent international organizations and the other countries wishing to support the endeavours of the Soviet Government. The European Council accordingly asked the Commission to put forward proposals for a major commercial, scientific and technical co-operation agreement with the USSR.

III. CENTRAL AND EAST EUROPEAN COUNTRIES

1. Co-operation

The European Council noted with satisfaction the progress made in the development of co-operation between the Community and the countries of Central and Eastern Europe in the general context of the activities of the Group of 24 and the PHARE programme. It also noted the prospects

offered by the new Association Agreements which will help to further co-operation in all areas - economic, financial, cultural and political - between these countries and the Community.

The European Council is aware of the Community's special responsibility towards these countries at a time when their efforts to achieve structural adjustment, together with the transition to a market economy, are meeting with additional difficulties due to external economic disturbances, affecting in particular their financial position.

The European Council considers that, in these circumstances, the Community has a duty to help to consolidate and develop the general process of reform being undertaken in these countries, notably by playing its part in the stabilization of their financial situation.

In this context the European Council hoped that the economic reforms and democratic developments in Yugoslavia would meet with success within the framework of increased respect for human rights and the preservation of the country's unity and territorial integrity.

2. Emergency aid

Among the numerous urgent problems arising in Central and Eastern Europe, the European Council, in response to a submission from the Hungarian Government, expressed its solidarity with Hungary's efforts to solve its acute economic problems and to steer its transformation into a market-oriented economy.

It reaffirms its determination strongly to support Hungary on its path towards democracy, stability and economic development, which implies the refusal of violence and respect for legality. In this context, the European Community and its Member States will help Hungary to overcome its problems, in particular in the field of energy supplies, in the framework of the G-24. They will also endeavour to make bilateral assistance available at short notice, especially through the disbursement of the second tranche of the EC loan.

IV. GULF CRISIS AND MIDDLE EAST

The European Council discussed the Gulf Crisis and the situation in the Middle East and adopted the declarations in Annexes II and III.

V. CSCE

The European Council adopted the declaration in Annex IV.

VI. RELATIONS WITH THE UNITED STATES AND CANADA

The European Council was informed of the progress of talks with the United States and Canadian authorities on drafts of joint declarations on relations with the United States and with Canada. The question will be examined again by the General Affairs Council on 12 November 1990.

VII. URUGUAY ROUND

The European Community remains firmly committed to making a full contribution to a positive outcome of the Uruguay Round within the time-scale laid down at the Brussels ministerial meeting. This, combined with the efforts which the Community expects of its partners, will strengthen the multilateral system of free trade, and thus maintain and foster world-wide prosperity, which is particularly necessary to combat the economic dangers linked with the Gulf crisis. The European Council requests the Council to adopt an agreement enabling the Community's agricultural offer to be submitted to the Contracting Parties.

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ANNEX IORGANIZATION OF THE CONFERENCES

The composition of national delegations will be decided on by the respective Governments. The Commission will be invited to take part with its own representative.

In accordance with the conclusions of the Dublin European Council of 25 and 26 June 1990 the necessary coherence in the work of the two Conferences will be ensured by the Foreign Ministers. The Foreign Ministers will be assisted by their personal representatives at the Conference on Political Union and those representatives may also participate in the work of the Conference on Economic and Monetary Union. The President of the Commission will also designate his own representative. Consistency and parallel progress in proceedings will also be ensured by means of regular contacts between the President of the Commission and the Presidency of the two Conferences (Conference on Political Union and Conference on Economic and Monetary Union).

Interinstitutional meetings will be held during the Conferences. In addition to the regular contacts between the Chairman of the Conference, the President of the Commission and the President of the European Parliament, the latter may ask to address the Conference before the start of some of its meetings.

The Secretary-General of the Council will take the necessary steps to provide secretarial services for the two Conferences.

ANNEX IIDECLARATION ON THE GULF CRISIS

The European Council expresses its deep concern at the continuing deadlock in the Gulf crisis, with the persistent violation of international legality by Iraq, and in particular the prolonged and destructive occupation of Kuwait, the oppression and deportation of its population, the holding of foreign hostages and the repeated violations of conventions governing diplomatic relations. Such acts cannot be tolerated. The Community and its member States attach the highest priority to the solution of this crisis, on the basis of the UN Security Council Resolutions, and reaffirm that no solution is possible without the prior implementation of these Resolutions.

The European Council demands that Iraq immediately, completely and unconditionally withdraw its forces from Kuwait, that the legitimate government of Kuwait be restored and that all foreign citizens who so desire be allowed to leave Iraq and Kuwait.

The European Council, in accordance with the relevant resolutions of the UN Security Council, condemns the Iraqi practice of holding foreign nationals as hostages and keeping some of them in strategic sites. It reminds Iraq of its international obligations in this respect and holds the Iraqi government fully responsible for their safety. The member States of the European Community reaffirm their total solidarity in achieving the freedom of all foreign citizens trapped in Iraq and Kuwait and denounce the unscrupulous use which Iraq is making of them with the sole and vain purpose of trying to divide the international community. They unreservedly condemn this manoeuvre which, carried out in contempt of the most basic humanitarian rules, can only complicate prospects for a solution to the crisis. They affirm their determination not to send representatives of their governments in any capacity to negotiate with Iraq the release of foreign hostages and to discourage others from doing so. They ask the Security Council to continue its efforts to achieve the immediate departure of all hostages and they encourage the Secretary-General to send a special representative to Iraq to this end.

The European Council also demands that, in accordance with the Vienna Convention, Iraq permit the free and unhindered departure of diplomats accredited to Kuwait who are at present prevented from leaving Iraq.

The European Council expresses its satisfaction at the high degree of consensus among all members of the UN Security Council and the international community as a whole on the above principles. It believes that such a consensus needs to be preserved in order for a peaceful solution of the crisis to be achieved. The Community and its member States are determined scrupulously to adhere to the embargo and to the other measures decided by the Security Council and call on all other states to act in the same way. They are also prepared to consider additional steps consistent with the UN Charter.

The Presidency will notify the text of this Declaration to the Iraqi government.

DECLARATION ON THE MIDDLE EAST

I. The European Council expresses its deep dismay at the continuing violence in Lebanon. It hopes that a process of national reconciliation will effectively develop in that country. It reaffirms its strong support for the implementation of the Taif agreements, which must be carried out by all concerned as soon as possible, thus bringing about the full restoration of the sovereignty, independence, unity and territorial integrity of a Lebanon free of all foreign troops. The European Council calls on all parties in Lebanon to take part in this process and to cooperate with a view to the immediate restoration of conditions preventing the recurrence of such violence. The Community and its member States will continue to support that process fully and stand ready to participate in the reconstruction of the country.

II. The European Council reaffirms its long-standing commitment to a just solution to the other problems of the region and the determination of the Community and its member States to spare no efforts to that end.

In this context, it intends to work for a comprehensive, just and lasting settlement of the Arab-Israeli conflict and the Palestinian problem in conformity with the relevant Resolutions of the UN Security Council and the principles set out by the Community in its previous declarations. To this end, it repeats once again its support for the principle of the convening, at an appropriate time, of an international peace conference.

The lack of any progress in the search for a peaceful settlement of the Arab-Israeli conflict is a source of deep concern to the Community and its member States, who are determined to encourage all efforts to promote dialogue between the parties directly concerned.

The European Council welcomes UN Security Council Resolutions 67 and 673, reaffirms its support for the role the UN can and should play in protecting the rights of the Palestinian people and call

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once more on Israel to meet its obligations under the Fourth Geneva Convention on the Protection of Civilians and to cooperate with the United Nations. The tragic events that have occurred in Jerusalem show once more that the status quo in the Occupied Territories is unsustainable. Just as the Community and its member States deplored those events, so they express the same feelings concerning the tragic acts of violence committed against Israeli citizens. Reminding all concerned that violence breeds violence, they repeat their appeal for calm and restraint.

III. The European Council welcomes the normalization of the relations between the Community and its member States and the Islamic Republic of Iran.

IV. The European Council believes that all opportunities should be taken for the solution of the conflicts in the region. It is convinced that relations of trust and cooperation must be fostered among the countries of the region so as to establish a situation of stability, security, economic and social welfare and respect for civil and political rights, to prevent the recurrence of crises, to curb the arms race and to prevent the proliferation of weapons of mass destruction. The Community and its member States are ready to cooperate with the countries concerned in the search for principles, rules and structures to that end and to contribute to the success of the task entrusted by relevant resolutions to the UN Secretary General to examine measures to enhance security and stability in the region.

V. Just and lasting solutions to the different problems of the region can only contribute towards strengthening the historical links between Europe and the countries of the Middle East and giving full meaning to the role that the Arab world should play in the international community.

DECLARATION ON CSCE

The European Council reaffirms the essential role of the CSCE process - which brings together the peoples and governments of Europe, the United States and Canada - in the transformation of the continent. In this perspective the Summit in Paris will provide a historic opportunity to continue to build, on the basis of the dynamic achievements of the CSCE, a democratic, peaceful and united Europe. For this purpose the Community and its member States have submitted in Vienna a comprehensive range of proposals.

The European Council considers that every effort should be made to ensure that the substance of the Document for the Summit in Paris adequately reflects the historical significance of that event. The Community and its member States will continue to contribute fully to this work. The Community and its member States will, by signing the Document of the Summit, subscribe to all the commitments therein.

Bahrain - all hostages released

E.C. call for Iraq would to visit that
S.H. unconditionally released all

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DECLARATION ON THE MIDDLE EAST

hostages

No Embassy

On Bahrain to
give some

The European Council expresses its deep concern at the continuing deadlock in the Gulf crisis, with the persistent violation of international legality by Iraq, and in particular the prolonged and destructive occupation of Kuwait, the oppression and deportation of its population, the holding of foreign hostages and the repeated violations of conventions governing diplomatic relations. Such acts cannot be tolerated. The Community and its member States attach the highest priority to the solution of this crisis, on the basis of the UN Security Council Resolutions.

weight
to the
matter.
Not
negotiate
but

deliberate the
message.

The European Council demands that Iraq immediately, completely and unconditionally withdraw its forces from Kuwait, that the legitimate government of Kuwait be restored and that all foreign citizens who so desire be allowed to leave Iraq and Kuwait.

The European Council condemns the Iraqi practice of holding foreign nationals as hostages and keeping some of them in strategic sites. It reminds Iraq of its international obligations in this respect and holds the Iraqi government fully responsible for their safety. The member States of the European Community reaffirm their total solidarity in achieving the freedom of all foreign citizens trapped in Iraq and Kuwait and denounce the unscrupulous use which Iraq is making of them with the sole and vain purpose of trying to divide the international community. [They unreservedly condemn this manoeuvre inspired by alleged political criteria and which, carried out in contempt of the most basic humanitarian rules, can only complicate prospects for a solution to the crisis. They affirm their determination not to send representatives of their governments in any capacity to negotiate the release of foreign hostages and not to encourage others to do so on their behalf with Iraq.] They ask the Security Council to continue its efforts to achieve the immediate departure of all hostages and encourage the Secretary-General to send a special representative to Iraq to this end.

The European Council also demands that, in accordance with the Vienna Convention, Iraq permit the free and unhindered departure of diplomats accredited to Kuwait who are at present prevented from leaving Iraq.

Company looks - asked every week to Iraq.

Millard But happy to receive wounded hostages

No one went outside trap like

The Health!

Saw weakening situation.

- closed in, bound to lose

U.N. resolution stands

If war on ground 6000 soldiers
in front line.

Lebanon

"End of occupation by Syria"
Syria been there 16 years

Assad wanted out General Aoun

What can be done?

Can't go back in Kuwait

and do nothing about Lebanon

Wrote to Bush - Lebanon more important than Kuwait

But have sent Syrian people Kuwait

In the name of what should be Mark Thatcher

Kuwait but not get Syrians out of Lebanon.

Israel is known of war, Arab states know of it, surprise
he would be an incompatible neighbour.
Use all chances of peace we have - push

embargo

The European Council expresses its satisfaction at the high degree of consensus among all members of the UN Security Council and the international community as a whole on the above principles. It believes that such a consensus needs to be preserved in order for a peaceful solution of the crisis to be achieved. The Community and its member States are determined scrupulously to adhere to the embargo and to the other measures decided by the Security Council and call on all other states to act in the same way. They are also prepared to consider additional steps consistent with the UN Charter.

II

The European Council reaffirms its long-standing commitment to a just solution to the other problems of the region and the determination of the Community and its member States to spare no efforts to that end.

In this context, it intends to work for a comprehensive, just and lasting settlement of the Arab-Israeli conflict and the Palestinian problem in conformity with the relevant Resolutions of the UN Security Council and the principles set out by the Community, [particularly in the Venice and Madrid declarations. To this end, it repeats once again its support for the principle of the convening, at an appropriate time, of an international peace conference.]

The lack of any progress in the search for a peaceful settlement of the Arab-Israeli conflict is a source of deep concern to the Community and its member States, who are determined to encourage all efforts to promote dialogue between the parties directly concerned.

The European Council welcomes UN Security Council Resolutions 672 and 673, reaffirms its support for the role the UN can and should play in protecting the rights of the Palestinian people and calls once more on Israel to meet its obligations under the Fourth Geneva Convention on the Protection of Civilians and to cooperate with the United Nations. The tragic events that have occurred in Jerusalem show once more that the status quo in the Occupied Territories is unsustainable. Just as the Community and its member States deplored those events, so they express the same feelings concerning the tragic acts of violence committed against Israeli citizens. Reminding all concerned that violence breeds violence, they repeat their appeal for calm and restraint.

Last 10 days

- S.H. made proposals

not accepted

but different attitudes

Using all means at his disposal
for psychological warfare.

Inq's action against French dependent
territories >

French troops close to
Inq. soldiers for border

Speech of U.N. maintained

position of principle

That precondition

Then "I shall say" —

They had been withdrawn of unit the
French

but if he announced

his intention to withdraw

to release all hostages

and hand over territories —

Then things might happen.

It is now very nice to have

330 hostages to be released

Can't push France away for other allies.

III

The European Council expresses its deep dismay at the continuing violence in Lebanon. It hopes that a process of national reconciliation will effectively develop in that country. It reaffirms its strong support for the implementation of the Taif agreements, which must be carried out by all concerned as soon as possible, thus bringing about the full restoration of the sovereignty, independence, unity and territorial integrity of a Lebanon free of all foreign troops. The European Council calls on all parties in Lebanon to take part in this process and to cooperate with a view to the immediate restoration of conditions preventing the recurrence of such violence. The Community and its member States will continue to support that process fully and stand ready to participate in the reconstruction of the country.

IV

The European Council welcomes the normalization of the relations between the Community and its member States and the Islamic Republic of Iran.

V

The European Council believes that all opportunities should be taken for the solution of the conflicts in the region. It is convinced that relations of trust and cooperation must be fostered among the countries of the region so as to establish a situation of stability, security, economic and social welfare and respect for civil and political rights, to prevent the recurrence of crises, to curb the arms race and to prevent the proliferation of weapons of mass destruction. The Community and its member States are ready to cooperate with the countries concerned in the search for principles, rules and structures to that end and to contribute to the success of the task entrusted by relevant resolutions to the UN Secretary General to examine measures to enhance security and stability in the region.

VI

Just and lasting solutions to the different problems of the region can only contribute towards strengthening the historical links between Europe and the countries of the Middle East and giving full meaning to the role that the Arab world should play in the international community.

Payroll Security is leading result
and is Chancellor Bishop's Motion

Hoskins - Common Policy

? by a certain date?

Not an emergency - but statement
might be reviewed.

Should be has repeated resolution
in case should talk to him

Hostage

France 14 ships, 1550 hours wage
Boardell 50 hours

Barley everything on entanglements
Shipping all made in oil - is $\frac{3}{4}$ volatile
Woods.



ITALIA
1990

You shd glance at
(for below)

This appeal / from

Budapest in case

Kohl wants to it at

dinner.

urgent
The [reply of which he spoke
will need to be political
and non committal on money,
pending the G-24 / IMF
consideration now in hand.

[The 1.6bn loan decided at the Paris dinner
has 3 tranches - 1st already disbursed
2nd due for decision next month



ITALIA
1990

Under 'political
cooperation'.

~~There~~

The handling of trade

negotiations is a matter clearly

now within responsibility of Community.

Of huge importance to all our
citizens. Failure ^{of these negotiations} [would put their

welfare at risk in a way which

is not true of any of the other

conferences or negotiations which we

are discussing this evening. The

danger we are in, because of

yesterday's failure, shows that

Success of Community depends

on will to agree rather than

on machinery or treaty changes

Drummond Bond - Paying voter

Denmark

①

urgency

Excluded Community Conference

Open
Not closed club for Denmark only

Common Security Policy - on basis of consensus.

but N.A.T.O basis of Policy

FRG

Political Union - Monetary Union
irrevocably linked

The Objective of our Policy

Want achieve political union in
Europe without delay with
a view NATO

No one able to stop "Step 1 of history"

Federal - but keep national regions

Consider want define Federal Structure

Does affect sovereignty - but doesn't
mean that you lose it

For citizenship - add'l to national citizenship.
Common Policies with necessary measures
on basis of qualified majority

France

States will continue to have their say.
Millions of people - proud of
my democratic motto



Community isolated in

world

~~That is why~~

Not much point for example in
concluding proposed US/EC
declaration

unless by then we have
actual
overcome far greater/danger
to EC/US cooperation namely
deadlock in Gatt round

• • Essential that a clear
instruction goes from this
Committee

Polter - Know - Parliament - Day - view

2

But European Council - represents by treaty which should not be ditched by treaty.

What we are going to do with Europe
most of the countries
within Europe

Hayes - Clear difference between
security & defence

Note - Prude is summarizing up
Prudence to be authorized to draw up
Prude's amendments

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 October 1990

*File
do
Meeting Record
(Extract)
cc MASTER.*

Dear Andy,

**PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
BRITISH EMBASSY IN ROME: 27 OCTOBER 1990**

I enclose excerpts on the GATT from the record of the above meeting.

I am sending a copy of this letter and its enclosure to Martin Stanley (Department of Trade and Industry).

*Yours sincerely,
C.D. Powell*

C.D. POWELL

Andy Lebrecht, Esq.,
Ministry of Agriculture, Fisheries and Food.

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Agriculture and the GATT

The Prime Minister said that she was very disturbed at the Community's failure to agree a negotiating position on agriculture for the GATT negotiations. She understood that agreement had very nearly been reached after some sixteen hours of negotiations at the meeting of Agriculture and Trade Ministers in Luxembourg the previous day, but had been thwarted at the last moment as a result of French opposition. The Community had accepted an obligation to make substantial and progressive reductions in agricultural support during the French Presidency. This had been reaffirmed in the conclusions of the Houston Economic Summit. It would be highly damaging to the Community's international reputation and to hopes of more open world trade if the Community could not come up with a position very soon. We were already nearly two weeks beyond the deadline of 15 October.

President Mitterrand said this was a very difficult issue. Agriculture could not be looked at in isolation. There had to be progress over issues such as trade in industrial goods, services and intellectual property where the United States was blocking progress. It was not right that France - or more exactly Europe United States was refusing concessions in other fields. The Prime Minister said this could not be right: progress was being made in other fields. The main blockage arose from the

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Community's failure to agree a position on agriculture. President Mitterrand repeated that the problem was a very difficult one for France. She was in the middle of what he could only describe as a peasants' revolt. The Prime Minister said that farmers in all our countries faced difficulties. It was mironic that German farmers were the most cossetted in the Community, and yet it was Germany which was mainly responsible for blocking progress by demanding even greater protection for them. The root cause of the problems was the CAP which favoured inefficient over efficient farmers.

The Prime Minister continued that, as a result of failure to reach agreement in Luxembourg yesterday, the Community had a real crisis on its hands which must be discussed at the European Council. Since it was France and Germany who were blocking agreement, it was up to them to move. Many other countries which would have been hit worse than France or Germany by the Commission's proposals had shown themselves ready to make concessions in the wider Community interest. President Mitterrand said that France's interests and Germany's did not entirely coincide. It was more a case of their reservations adding to each other. France felt that sacrifices she was asked to accept were too heavy, compared with what the United States was offering on agriculture in the GATT. The Prime Minister reiterated that the place to discuss objections to the American proposals was in the GATT negotiations themselves. The problem was we could not even begin them until we had an agreed Community position. The Commission's proposals were fairly minimal, and took credit for reductions in agricultural support made by the Community since 1986. President Mitterrand said this was not exactly the first occasion on which negotiations had got a bit delayed: it was no tragedy. The Prime Minister contradicted him: there was a time problem. The Uruguay Round negotiations were due to be completed by the end of the year, and the Community had not even tabled a proposal, let alone started to negotiate.

President Mitterrand said the root of the problem lay in divergent interests within the European Community. The Prime Minister said that perhaps we needed to look more fundamentally at the CAP. It was after all a pretty strange system which fixed agricultural prices in order to provide a living for inefficient farmers. Perhaps we should move to a system of income support. President Mitterrand said that Foreign Ministers should be told to find a solution: specialist Ministers would never do so. But France was not prepared to accept the present proposals. He was not happy about President Bush's message: it represented an interference in Europe's international affairs. One of the aims of the Treaty of Rome was to safeguard family farms. The number of farms in France had already fallen from 8 million to 3 million. If the present rate of decline continued, the number would come down to 700,000. That would create both an

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environmental problem and a human problem. Whole areas of France would be fallow. The Prime Minister said that subsidising agricultural production was not the way to deal with the problem. It should be handled through social policy.

President Mitterrand asked when the Prime Minister proposed to raise this issue at the European Council. The Prime Minister said she intended to bring it up right at the beginning. She would insist that the European Council make clear that the Community would table proposals within the next few days. Failure would be a signal to the world that Europe was protectionist. President Mitterrand interjected that of course the Community was protectionist: that was the point of it. The Prime Minister said that if the negotiations on agriculture failed, other countries would seek compensation from the Community through the GATT. President Mitterrand said that the Americans had already been given substantial benefits in the Community market, for instance for soya. But we were not yet at the point of failure, only in a certain amount of difficulty. He agreed that an early meeting of Ministers was desirable.

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file

Meeting Record
cc MASTER.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 October, 1990.

Dear Stephen.

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
BRITISH EMBASSY IN ROME: 27 OCTOBER 1990

The Prime Minister had nearly two hours of conversation with President Mitterrand over lunch at the British Embassy in Rome this afternoon. The President, who was accompanied by Madame Caroline de Margerie, looked in much better health than during the summer, and was full of good humour. The early part of the discussion was taken up entirely with the problems over agriculture and the GATT negotiations. But once through this, talk ranged quite widely over the agenda for the European Council, as well as the situation in the Soviet Union, and Eastern Europe and the Gulf, with a final brief mention of Anglo-French defence cooperation.

Agriculture and the GATT

The Prime Minister said that she was very disturbed at the Community's failure to agree a negotiating position on agriculture for the GATT negotiations. She understood that agreement had very nearly been reached after some sixteen hours of negotiations at the meeting of Agriculture and Trade Ministers in Luxembourg the previous day, but had been thwarted at the last moment as a result of French opposition. The Community had accepted an obligation to make substantial and progressive reductions in agricultural support during the French Presidency. This had been reaffirmed in the conclusions of the Houston Economic Summit. It would be highly damaging to the Community's international reputation and to hopes of more open world trade if the Community could not come up with a position very soon. We were already nearly two weeks beyond the deadline of 15 October.

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Political Union

The Prime Minister said that the fiasco over agriculture and the GATT was dismal proof of what happened when you gave up sovereignty over agriculture and trade. There was not much incentive to give up any more. She was horrified at some of the things proposed in the Foreign Ministers' paper on political union. The Commission seemed to be perpetually trying to extend its powers. Monsieur Delors' recent interview in which he had talked of the Commission as the Executive of Europe, the European Parliament as the Legislature, and the Council of Ministers as the Senate was proof positive of his ambitions. President Mitterrand ought to rein him in. President Mitterrand agreed that Monsieur Delors' statement was not at all wise. He did indeed tend to want excessive powers for the Commission: he would be the very first to say that. The Prime Minister complained that Commissioners went native when they got to Brussels. Except the British, observed President Mitterrand. Especially the British, retorted the Prime Minister: they bent over backwards not to be helpful to the British.

President Mitterrand said that the European Parliament was just as bad in wanting too much power. It was not a real Parliament, and few people had any idea what they were doing when they elected it. On these institutional matters, he very largely saw eye to eye with the Prime Minister: power must rest with the Council of Ministers.

Site of the Institutions

The Prime Minister said it seemed unlikely that there would

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be much progress at the present Council over the site of the Institutions. President Mitterrand said that France had been waiting a long time and was ready to wait longer.

Germany

The Prime Minister said that Germany's behaviour over the GATT negotiations was an example of the extent to which Germany would insist on having its way in the Community in future. Chancellor Kohl had said recently that all would be well while he was around, but he could not give any guarantees about Germany after that. President Mitterrand agreed that there were some disquieting tendencies. France had some bitter experiences in the past and had learned caution in dealing with Germany. The Prime Minister said that she continued to believe that the idea you could bind Germany into the Community and tie it down that way was wrong. If you insisted on a Community in which we all had to give up our national sovereignty, you would soon find that Germany was dominant. The only way to keep Germany in check was for the individual countries of Europe to preserve their nationhood and remain as identifiable units. A move towards a federal Europe would be going up a blind alley in history, just in the same way as the formation of the Soviet Union had been. President Mitterrand commented that the Soviet Union had been broken by economic failure and bureaucratic centralisation. The Prime Minister hazarded that Europe was going in the same direction, what with the IGC's, the Social Charter, and attempts to extend Community competence. President Mitterrand repeated that he shared the Prime Minister's worries on this last point. The Council must continue to exercise its authority in all respects. But on the other points, he wondered whether the Prime Minister was not just a little bit apocalyptic.

EMU

The Prime Minister took President Mitterrand through our proposals for economic and monetary union and explained their rationale. We understood the need for a currency which could be used anywhere in the Community, and this was why we had proposed a hard ecu. But we would never give up our sovereign right to issue our own currency. President Mitterrand said that was where France stood too: a common currency, not a single currency (Ed. that's what he said).

This led on to a number of impolite suggestions as to why countries like Belgium and Italy wanted a Federal Europe, none of them very flattering to the countries in question. One had the impression that President Mitterrand does not suffer from an excess of admiration for Belgians.

Turkey and the EC

The Prime Minister mentioned the importance of unblocking

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the Fourth Financial Protocol for Turkey, particularly in the light of Turkey's very helpful performance over the Gulf. We must find a way to get the Greeks to lift their reserve. President Mitterrand said sarcastically that the easy way would be to divert the money from the Protocol to Greece, or find some other way to buy out their opposition. He assumed the Prime Minister was not proposing Turkish membership of the European Community. The Prime Minister said she had in mind only a particularly close association, not full membership.

EBRD

The Prime Minister gave the President an account of her talk with Monsieur Attali. He seemed to be recruiting some excellent people to help him at the EBRD. We were planning a major launching ceremony in April to which she hoped the President would come. Monsieur Attali had mentioned his fears that the Commission wanted to establish a new financing facility for Eastern Europe, bypassing the EBRD. This would be a mistake. President Mitterrand said that he shared this view.

Enlargement of the Community

The Prime Minister said that we would quite soon have to turn our attention to enlargement of the Community. There were quite a number of countries who had either applied or expressed interest: Austria, Malta, Cyprus, Norway, even Sweden. President Mitterrand said that Turkey and Cyprus should only be offered association: it would not be a good idea to bring unsolved quarrels into the Community. We might end up with the Greek Cypriots only. Austria should be quite simple, although he did not entirely welcome the idea of another German-speaking member. The same applied to Norway and Sweden. We should concentrate on those countries which were culturally and historically part of Europe. Eastern Europe was a different world. Nationalism was breaking out all over. He would lay a bet that the Silesia/Pomerania/East Prussia problem would rear its head very soon. The Teutonic knights would ride again. If the Ukraine left the Soviet Union, we should be in very hot water indeed. We must be sure that the Soviet Union did not crumble too much.

Soviet Union

The Prime Minister said she believed nonetheless that the Ukraine would separate from the Soviet Union. President Mitterrand commented that this would be dramatic. But the Prime Minister might well be right. Gorbachev had lost too much time, both on economic reform and in trying to devise a new relationship between the states and the centre.

President Mitterrand said that Gorbachev would be in Paris on 28 October and the two of them would sign a Treaty. The

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Russians had been angling for a text similar to that which they had signed with Germany, but he had not been prepared to go that far, particularly on the military and security aspects.

The Gulf

The Prime Minister gave an account of her meeting with Mr. Primakov. His views seemed very different to those of Shevardnadze, and one got the impression that a bit of a power struggle was going on. President Mitterrand said that Primakov had not told us anything we did not know. It was true there was much controversy in Moscow about the Gulf policy. A motion to send a Soviet military contingent to the Gulf had been voted down by a two-thirds majority in the Supreme Soviet.

President Mitterrand continued that the choice of war or peace in the Gulf was becoming increasingly acute. War was not desirable, and the embargo was a good policy. Unfortunately it had not achieved as much as we had hoped. The Prime Minister said we had to remain absolutely firm on the essentials. Iraq must draw completely from all of Kuwait, and the legitimate Government must be restored. We should insist that Iraq pay compensation for the damage wreaked on Kuwait. We would also have to deal with Iraq's CW, BW and nuclear capacity. If we failed to do so, we would all be back confronting the same problem within a very short time. Above all, we must not let Saddam Hussein gain anything from his aggression, or suggest that there was any link with the Arab/Israel problem. President Mitterrand doubted these objectives could be achieved without war. The Prime Minister said that it was certainly the case that we could not wait too long before resorting to military action if Saddam Hussein continued to defy the United Nations. President Mitterrand said that if war was to break out, it must be this autumn or winter. The Prime Minister said the only thing which would avoid war was to create the absolute certainty in Saddam Hussein's mind that we would use our military might. President Mitterrand agreed. Saddam Hussein was not a rational thinker, but he had some degree of reason. He knew that war would be the end of him and his army. He would have lost his gamble. He was not yet convinced of this, but reality was beginning to seep through. In the last ten days or so there was evidence that he was at least beginning to ask a few questions. The Prime Minister said she could not see a dictator like Saddam Hussein withdrawing totally.

Defence Cooperation

The Prime Minister said she was encouraged by the progress being made in Anglo-French defence cooperation. There had been a good meeting between the Defence Secretary and his French colleague. President Mitterrand commented that we were moving towards forms of armament which gave more scope for practical cooperation between Britain and France. The Prime Minister

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said she understood the President's meaning exactly. She welcomed the trend of the discussions.

I am sending copies of this letter to John Gieve (HM Treasury), Simon Webb (Ministry of Defence), and Sir Robin Butler (Cabinet Office). I am also sending excerpts on the GATT to Andy Lebrecht (Ministry of Agriculture, Fisheries and Food) and Martin Stanley (Department of Trade and Industry).

*Yours sincerely,
C.D. Powell*

C.D. POWELL

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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SPEECH BY THE PRESIDENT
OF THE EUROPEAN PARLIAMENT
TO THE EUROPEAN COUNCIL

Rome, 27 October 1990

Mr President:

Since the last meeting of the European Council in Dublin, the attention of the Member States and the Community institutions has been polarized by two very different events.

First, the process of German unity was completed on 3 October 1990. The participation of the President of Parliament and the President of the Commission in the solemn ceremonies celebrating the birth of the new united Germany symbolizes the integration of the unification process into the construction of European Union.

All the representatives of the German people have stressed their commitment to the European ideal. I am therefore convinced that German unity, which we have encouraged and welcomed with satisfaction, will be a dynamic element in the acceleration of the construction of Political Union.

Our common agreement concerning objectives and principles should not prevent debate on the arrangements for adaptation. It would be illogical if German unity had adverse effects on those who have given it the most political support.

Parliament, for its part, has made a continuing effort to follow the process through its "ad hoc" committee and has made every endeavour to adapt to the political rhythm required, modifying all its timetables in order to fulfil its legislative task on time. Having already drawn attention to the need for appropriate representation of the citizens of eastern Germany, Parliament has agreed, as a transitional and exceptional measure, to create an observer status.

These arrangements adopted by Parliament cannot replace the decision by universal suffrage, which is the one and only golden rule of democracy. Personally, I do not consider it satisfactory that over 16 million of our fellow Community citizens should not have elected representatives in Parliament until 1994.

The other major event, of a totally opposite character, has been the invasion and annexation of Kuwait by Iraq, which was condemned by Parliament by an overwhelming majority following the debate opened by President Andreotti on 12 September 1990.

This crisis has had the effect of revitalizing the UN, which has acted promptly and consistently; it has also pointed up the need for continued progress towards European unity in order to create a common foreign policy. It is true that the Community has perhaps shown greater coherence than ever

before, but it is still far from presenting a common position which would enable it to exercise a determining role, as a single entity, in the unfolding of the most important international events.

Whatever the outcome of this crisis - and Parliament hopes that it will be peacefully resolved - it appears clear that in the future the dialogue between Europe and the Arab world must be intensified, and that within the framework of the respect for international law which has been and must be demanded, a solution must be found to the Arab-Israeli conflict over Palestine, in accordance with the UN resolutions.

Mr President,

The profound political changes in the Soviet Union and in other countries of Central and Eastern Europe have altered political relations in the world so radically that we may reasonably speak of a new international order based on the values of parliamentary democracy.

The European Council must provide a decisive political stimulus in order to deal with the current challenges: it must define the framework for financial assistance to and cooperation with the Soviet Union and with the other countries in Europe, especially with those who have completed the re-establishment of democratic freedoms; submit proposals for the GATT Uruguay Round; draw up a security plan in the context of transatlantic relations; further develop solidarity with the Third World and Latin America.

This all confirms the new responsibilities incumbent upon the European Community, an essential point of reference in an unstable world.

This is a massive task, and Parliament trusts that it will be possible to present a revitalized image of the Community with greater resources and more joint activity. In order to ensure an effective external profile, it is urgent to settle domestic matters and to pursue the work of construction of our own 'house', that is, to achieve Economic and Monetary Union and Political Union.

Parliament is following, with the closest attention and some degree of anxiety, the preparations for the two Intergovernmental Conferences which are to begin in December 1990. Following our initiative and the recommendation of the European Council in Dublin, two further meetings of the Interinstitutional Conference have recently been held.

This experience has been extremely useful for the convergence of positions, not only between the institutions but also between the governments themselves, since the meeting of 8 October 1990 on Economic and Monetary Union closed with a high degree of consensus concerning the compromise proposals on the transition from the first to the second phase, although the possibility of such a consensus had seemed very remote before the start of the debate.

Parliament therefore welcomes the proposal of the Italian Presidency for a further meeting of this type in the forthcoming month of November and is willing to continue with this procedure during the work of the two intergovernmental conferences.

In this connection, Mr President, I wish to point out that Parliament wishes its participation in the work of the Intergovernmental Conferences to be more

substantial than was the case in the negotiations for the Single Act, in order to establish a system for fluid and permanent dialogue.

I therefore formally request :

- (1) that the texts drawn up by Parliament should be considered as working documents of the conferences and should have the same status on the debating table as the Commission proposals;
- (2) that Parliament participate in the conferences through the presence of its President at ministerial level meetings;
- (3) that the conclusions of the conferences should be submitted in the first place to Parliament with a view to achieving a global agreement, before they are submitted to the Member States for ratification.

With regard to the content, I have no wish to tire you with a long repetition of Parliament's basic positions. I shall therefore simply make some general comments. In our view, the most important factor is that of a common design and political will.

European Union must be constructed on the basis of the resolution of a number of questions: What type of executive do we want? What type of legislature do we want? What should be the relation between the two? How is it possible to transcend the national dimension without blurring the concept of the nation state? What should be the role of the regions?

Rather than listing further questions, I now wish to point out that, at all events, Parliament believes that there are a number of indispensable conditions, which are as follows:

- (1) Parliament must be enabled to elect the President of the Commission, on a proposal from the European Council, and to pass a vote of confidence.
- (2) Parliament must have full powers of co-legislation.
- (3) The Council must extend the scope for application of the system of majority voting.
- (4) A statute of European citizenship must be drawn up to embody and symbolize the fact of belonging to a supra-national political entity.
- (5) Progressive moves must be made towards the institution of a common foreign policy and security policy.

All in all, we must work to achieve a genuine Act of European Union, which would consolidate the achievements of the last thirty years, would imply a definite leap towards unity and would not repeat the errors of the past, which we have fortunately overcome.

I also wish to inform you that, taking up the suggestion of President Mitterrand, we shall hold the Conference of the Parliaments of the European Community in Rome at the end of November 1990. This will be a historic event enabling us to discuss the democratic dimension of the Union. This will

certainly be a risky initiative, but it is both timely and necessary in view of the challenge of the Intergovernmental Conferences.

I further wish to stress that, at our meeting of 20 September 1990, my colleagues from the national parliaments insisted on the exceptional and unique character of the meeting. For my part, I think that it would be a most serious mistake to invent hybrid and unworkable bodies, which would significantly undermine the balance between the institutions and would imply a return to the predominance of the national dimension.

It would be unthinkable to add further pseudo-legislative bodies to those already in existence unless there was an unspoken intention to neutralise the process of integration and return to a Holy Alliance, which would endanger the evolution of the continent.

The European Parliament exists, and it is the body which should have legislative powers; it is therefore essential that it should operate effectively. Should the European Council intend to reach a decision on the matter of the seat, it must be fully aware that:

- (1) Parliament is one of the fundamental institutions, in accordance with the Treaties, for the exercise of the Community's powers, and it cannot therefore accept that the question of its future seat should be subject to the same type of negotiations as may apply to agencies or offices - however important those may be - which are set up as Community policies develop;

(2) to fix the seat of Parliament separately from the seat of the Commission and Council is to oblige our institution to work in difficult conditions which are practically incompatible with our function.

Mr President.

Parliament will follow the progress of your work and examine your conclusions with the greatest interest. As the representative body of some 340 million Europeans, it wishes to express its desire to cooperate to ensure the success of the two conferences, and its permanent willingness to contribute ideas and suggestions for the achievement of European Union, an objective which has been freely chosen by all the Member States and is vigorously pursued by Parliament.

*CC PC
de*PM/90/073PRIME MINISTER*m*Special European Council, Rome: 27/28 October

1. Signor Andreotti originally convened this Special European Council to discuss preparations for the two IGCs (political union and EMU) and to take stock of preparations for the CSCE Summit. The need for Heads of Government to discuss the CSCE has fallen away.

2. As Signor Andreotti's letter to you of 24 October indicates, the Italians want to concentrate on preparations for the two IGCs, and to discuss the Soviet Union, the Gulf, EC/US relations and CSCE. There is an outside chance Andreotti will seek agreement on his package of decisions on siting new EC institutions. We should ensure that the Summit delivers a strong message on the Gulf, and reaffirms the Community's commitment to a successful outcome to the GATT negotiations. If there is no agreement at the Trade and Agriculture Ministers' meeting today the European Council will also need a discussion of GATT agriculture.

will CPP?

→
→

3. Andreotti proposes to take the two IGCs and aid for the Soviet Union in the opening session, with the Gulf discussed over dinner. Foreign Ministers will discuss CSCE and the EC/US declaration over dinner. Sunday morning will be reserved, as usual, for the conclusions.



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Political Union IGC

4. In the Foreign Affairs Council this week we agreed a report to the European Council based on work by Special Representatives. This was commissioned at the Dublin European Council. The report summarises proposals made by member states. Our main ideas are included. These include:

- greater financial accountability of the Commission to the European Parliament;
- improved implementation and compliance;
- a strengthening of the machinery of the EPC;
- ✓ - increasing the role of national parliaments.

The report includes other people's ideas too, many of them unrealistic. It will be our job in the IGC itself to try to get rid of these. We should counter any Italian attempt at Rome to set a "mandate" for the IGC, arguing that this would run counter to the Dublin conclusion that the IGC set its own agenda.

5. The main focus of interest this weekend is likely to be the case for a common foreign and security policy. There is much rhetoric here which jars with us. But beneath this lies a determination to strengthen the European response to outside challenges. The Gulf helps concentrate people's minds. We must argue for a strong and united European force in the Alliance. We have a political role to play in discussions in this area, not least to preempt any

/Franco-

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Franco-German initiative which might put too much emphasis on the Twelve. We have already floated ideas for strengthening political cooperation. We may be able to divert attention away from other aspects of the political union debate, such as stronger powers for the European Parliament.

6. There is clearly much more work to be done before the IGC opens. We want the European Council to commission that work from Special Representatives.

EMU IGC

7. Carli, the Chairman of ECOFIN, has reported on preparations so far. His report is broadly fair, well reflecting the UK reserve on full EMU. Our proposals for a hard ecu and an EMF are included in the report, and will form part of the continuing discussions. The Spanish and Dutch have ideas for Stage II as well. And there is a helpful consensus on the "E" of EMU: no bail-outs, no monetary financing of deficits, and recognition of the principle that budget deficits should be avoided. Further work on all this is needed in the Monetary Committee and ECOFIN.

8. At Rome, the Presidency are almost certain to press for a target date for the transition to Stage II. There is a consensus growing among other member states in favour of 1 January 1994. This is to put the cart before the horse. Until we know what the next stage will look like, it is silly to set a date. It is encouraging, however, that other member states are talking more now of the conditions to be satisfied before any move beyond Stage I.



9. We must argue at Rome that our hard ecu/EMF proposals would provide a sure and market-driven way forward, providing anti-inflationary monetary discipline, and a solid framework for economic convergence. They also provide a way for Community members to advance together.

GATT

10. The nature of the discussion of the GATT Uruguay Round will not become clear until after today's meeting of Trade and Agriculture Ministers. If the meeting has not agreed the Community's offer on agriculture, we must work for agreement in Rome. The Italians have not yet included it on the agenda but you are pressing for this and we, the Dutch and the Commission should be able to ensure there is a full discussion. We are working hard meanwhile to stop the Germans maintaining their block: I am seeing Kohl later today. We must hope that they will either acquiesce or that we can isolate them; others are becoming less vociferous in their opposition. Whatever the position on the agriculture offer, we shall need to include in the conclusions a firm message to the world that the Community is still committed to a successful outcome to the Round.

Gulf

11. This is the first European Council since the Iraqi invasion of Kuwait. We shall want Heads of Government to agree a strong declaration expressing support for the UN Security Council resolutions; admiration for the solidarity of the international response to the crisis; condemnation of Iraqi hostage-holding and their destruction of Kuwait; determination to seek unconditional Iraqi withdrawal through strict implementation of the embargo; and support for international efforts to respond to GCC requests for assistance in collective self-defence.



12. We shall want to emphasise the need to resist Iraqi attempts to split the international alliance against Saddam Hussein, (e.g. by manipulation of Western emotions over the hostages); and the impossibility of any compromise on the demand for Iraq's unconditional withdrawal.

Soviet Union and Eastern Europe

13. At Dublin we saw off pressure for a financial aid package to the Soviet Union. The Commission has been pursuing its study, as requested, and the IMF report commissioned at the Economic Summit in Houston should be ready in December. Delors has told me that the Commission on 27 October will only present an interim report, without proposals. Data has been difficult to obtain, and above all the absence of a coherent Russian economic plan against a turbulent constitutional background has made proposals impossible. We have pressed the EC to increase technological cooperation with the USSR under the existing trade and economic cooperation agreement. Energy is a particular priority. The French are arguing for an enhanced EC/Soviet relationship, based on a more substantive agreement focussing on technological cooperation. We can argue that this can be studied further.

14. Discussion at the Council will give you an opportunity to outline our approach to the Soviet Union and to Gorbachev. We should endorse technological cooperation as an effective and practical way of helping the Soviets help themselves. Financial aid should be played long: decisions are premature before an IMF report and before evidence of Soviet willingness to put reforms in place.



15. The pressure to help Eastern Europe has increased in recent weeks. They face the twin shocks of Gulf-induced oil price increases and the CMEA breakdown, with the need to make payments in convertible currencies. The Commission has identified a \$7 million financing gap for 1991 and believes that a G24 financing facility is necessary to help fill it, with the Community taking a strong lead. We argue that the IMF should be in the lead. The IMF agree, and are in contact with each country. A G24-type financial facility (which the US has advocated, but on condition that it does not contribute) would be premature. Only the Presidency appear to support the Commission thinking. We should continue to press for the IMF to lead, with consideration in the G24 context if necessary, in close cooperation with the IMF.

16. The Foreign Ministers agreed that the Community should be signatories to the CSCE Summit. Work continues in the preparatory committee in Vienna on the draft declaration but we are pressing hard for a good reference to a Magna Carta.

Sites

17. As you know, Signor Andreotti has been trying to put together a package of decisions on siting new institutions. He is unlikely to finalise this in Rome, but there may be discussion in the margins. Having secured the EBRD, we will not achieve any other successes in this round. So we want that round kept small, and to be agreed soon - Environment Agency, Trade Mark Office, Training Foundation. It would be a pity if he tried to add in other institutions whose establishment is not even agreed - the Medicines Evaluation Agency or the Plant Breeders Rights Organisation (for both

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of which we would want to bid). It would be particularly premature to talk about siting any future monetary institution - but again, London would be an obvious candidate for the EMF we have proposed.

18. I am sending copies of this minute to members of OD(E), to the Defence Secretary and to Sir Robert Butler.

DH.

(DOUGLAS HURD)

Foreign and Commonwealth Office

26 October 1990

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Foreign and Commonwealth Office

London SW1A 2AH

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26 October 1990

Dear Charles,

Lunch with President Mitterrand: Rome, 27 October

The lunch will be at 1.15pm at Sir Stephen Egerton's residence in Rome. The President will be accompanied by his interpreter, M Thierry, and one other as yet unnamed. There are several important issues for discussion: co-operation on the Gulf; the two IGCs; and Europe's future security.

The Prime Minister and the President last met bilaterally at Waddesdon on 4 May. They will meet again at the CSCE Summit (19-21 November), and possibly in December/January to mark the breakthrough or completion of the Channel fixed link service tunnel. We have not yet put to the French our preferred dates for next year's bilateral Summit in France, pending a reaction from Bonn on the Anglo-German Summit.

France Internal

President Mitterrand is riding high (67% personal support: up 12% since the Gulf crisis broke). The Socialist Party supports him on the Gulf (despite early unhappiness from Chevènement), and the moderate right has been generally supportive. But the RPR are beginning to wobble, fearing that the US might initiate hostilities without consulting Allies and that French troops might come under US Command. The Front National have been consistently critical, arguing that French interests are not directly engaged.

The Gulf has overshadowed domestic issues, but the Government may now face a rough ride in parliament over the draft 1991 budget and over agricultural policy. The opposition threaten a censure motion unless the Government makes concessions on agricultural funding. French farmers have stopped attacking British meat and livestock exports. Increased police deployments and the opening of criminal proceedings, following our strong representations, seem to have deterred further violence. The farmers have now turned their attention to the President himself, twice disrupting his internal travel to publicise their grievances.

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Gulf Crisis: French position

The Foreign Secretary hopes that the Prime Minister may be able to concentrate on this. President Mitterrand's personal direction of French policy has broad public support. France set out with considerable historical baggage. The Iraqis hope to wedge-drive: notably the apparent offer to French detainees (318 in all) of a choice whether to leave or stay in Iraq. The French claim to have reacted stoutly. But the signals are ambiguous and, more seriously, Mitterrand's speech to the UN General Assembly was a characteristic piece of kite flying which was damaging. If the French started seriously to toy with a compromise, it would be very damaging. There is no hard evidence that they are but it is far from clear that they ruled out the Primakov approach last week. Attali told you that the President was robust but Saturday's lunch will obviously be the moment to try to stop any weakening in the French position.

Publicly the French are ambivalent on the use of military force. They may hesitate to join in unless there is a prior UN resolution authorising the use of military force. The Prime Minister may want to put strong emphasis on the need for French participation alongside the US and UK. The Foreign Secretary believes that this is important for the success of the enterprise and (perhaps more) its aftermath in the Middle East and in Europe. The effects on US/European relations if the French do not fight with us in the Gulf will be severe and lasting. She might also like to discuss Soviet intentions, following Mr Primakov's visits. The Five need to maintain a united front, and ensure that Iraq/Kuwait remains centre-stage in New York. The Jerusalem incident risks becoming an unwelcome distraction in the Security Council, and we should not allow the PLO to dictate the agenda there.

Burden Sharing

The French share of the costs of the Gulf crisis is slightly less than ours. Their military deployment, economic assistance (both through the EC budget and bilaterally) and refugee aid is estimated at \$1918 million in all - about 0.20% of GDP, compared to Britain's total contribution of \$1941 million (0.23% of GDP.)

The Prime Minister might welcome France's generous response to the crisis and stress the need for pressure to be put on others, notably the wealthy EFTA countries, to do considerably more. The Prime Minister might also express satisfaction that the US-inspired Financial Co-ordination

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Group (FCG) now seems to be over its initial teething problems, and refer to the position of Jordan, which was the subject of some concern at the last meeting of the Working Committee of the FCG (on 22 October). The country is vital to the effectiveness of sanctions against Iraq, and close to economic collapse. The EC Budget aid for Jordan will not be available until 1991. Is any of the French bilateral aid for Jordan earmarked for early disbursement?

WEU Aspects

The Prime Minister may wish to assure President Mitterrand of the importance we attach to co-ordination in the Gulf area with French forces, and with forces of other member states of WEU (of which the French hold the Presidency until the end of June 1991). We share an interest in persuading other Europeans to deploy ground forces. We have worked closely with France in the WEU on this, but without effect so far. The Prime Minister might wish to tell President Mitterrand that we have been urging other WEU countries in bilateral contacts to contribute to ground logistical support.

UK and French forces are stationed well apart in Saudi Arabia. The scope for co-ordination on the ground is very limited. The French have told us that they are happy with such arrangements as exist. There could be some value in co-operation on technical and medical support and there has been some co-operation on air-to-air refuelling. We are also pursuing with the French the idea of a joint WEU hospital ship. Naval co-ordination is working well, and WEU arrangements have been designed to facilitate close co-ordination with the US and other forces. The French have been worried about our focus on good practical arrangements with all naval forces, seeing in it signs of a reserved attitude to the WEU and insensitivity to France's political need to avoid subordination to the US; but we do not expect President Mitterrand to raise this. I enclose a table giving details of France's military contribution to the multinational forces in the Gulf.

Arab/Israel

The French position is, in theory, the same as our own. In practice, the French have shown themselves more willing to contemplate linkage between the solutions of the two problems. M Mitterrand spoke ambiguously about this in his speech to the UNGA in September.

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The Prime Minister will wish to:

- emphasise the importance of not conceding linkage between Arab/Israel and Iraq/Kuwait. This would hand Saddam Hussein a victory he does not deserve.
- reiterate our commitment to working for a solution of the Palestinian problem once the Gulf crisis has been solved, and seek French views on how this might be achieved.
- underline our concern about time-wasting discussion of Arab/Israel at the Security Council when there is pressing Iraq/Kuwait business to be dealt with. The Secretary General's mission should be helping to find ways of offering practical assistance to Palestinians living in the Occupied Territories; point-scoring in the Security Council helps nobody.

Lebanon

The French have called for discussion of Lebanon in the Security Council, much to the indignation of the Lebanese Government. The French action follows reports of murder, rape and looting in the Christian area previously controlled by General Aoun. The French are also angry that the Hrawi Government have so far refused permission for Aoun to leave the French Embassy in Beirut for asylum in France.

The Prime Minister may wish to tell President Mitterrand that:

- We have told the Lebanese Government that Aoun should be allowed to leave for France unmolested.
- We have expressed our deep concern to the Lebanese Prime Minister about atrocities in the Christian enclave, and stressed the need for reconciliation without recrimination, particularly after the murder of Aoun's prominent supporter, Dany Chamoun, and his family last weekend.
- The UK believes that if there is to be a Security Council statement, it should avoid criticism of the Hrawi Government or the Taif Accord, which remains the only way forward for Lebanon.

EC Issues

The French Government's views on EC institutional reform are still evolving. But they favour maintenance of the

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present institutional balance in the Community, concentrating on the development (given the nature of French Presidential power) of the role of the European Council particularly in the area of foreign policy. They favour a common foreign and security policy, with the European Council deciding areas for common activity, which might then become subject to some form of majority voting. They wish to extend discussion by the Twelve of security issues, but reject the Italian proposal to integrate the WEU into the Community (see the passage on European defence issues below). The French wish to avoid any substantial increase in the powers of the European Parliament and the Commission (particularly in the foreign policy area), but like most others could support some extension of qualified majority voting and some refinement of the EP role, for example extension of the cooperation procedure. They also place emphasis on the role of national parliaments, and have proposed a "Congress" which would more closely associate national parliaments with the work of the European Parliament.

The French and Germans are continuing to work behind the scenes on a further initiative on political union (following the Mitterrand/Kohl message in April before the first Dublin European Council). There are differences between the French and German positions, but joint proposals in the foreign policy area seem likely. We cannot stop this collaboration, but we should seek to channel French views (which contain elements close to our thinking) in a helpful direction.

The Prime Minister might:

- endorse the French view that the basic institutional balance should not be changed. The European Council should continue to give political direction to the Community. It has a particular role in projecting a positive image of the Community in the rest of the world;
- agree that the strengthening of European foreign policy coordination is desirable. But it is not clear how French proposals would reconcile the French desire to retain the right of national initiative with their ideas on areas of common action subject to majority voting;
- float our ideas for strengthening the European defence pillar on the lines suggested below;
- urge the need to avoid unnecessary strengthening of the role of the Commission or the European Parliament. The aim should be to make the Community more efficient and democratically accountable. The Community's handling of the ex-GDR integration process shows how flexibly the institutions can perform. Reforms which might diminish the position of member states (eg more QM voting, a bigger legislative role for the Parliament) should be avoided;



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- agree that French ideas for a Parliamentary "Congress" deserve further examination. But the French proposal seems to envisage a dominant role for the EP over national parliaments. Our emphasis would be the other way round. For example, the conference involving the European Parliament and national parliaments in Rome at the end of November in fact gives greater prominence to representatives of national parliaments.

The French, Italians and Commission have all been active in pressing the German Government to adopt a firm and forward position on economic and monetary union at the October European Council. Partly as a result, Chancellor Kohl came out last week in favour of 1 January 1994 as the starting date for Stage 2. President Mitterrand himself favours rapid movement to a Stage 3 on Delors Report lines. He regards a fast-track approach to EMU (as well as early progress on political union) as crucial to the strategic goal of tying Germany into a dynamically developing Community.

The Prime Minister might:

- discourage any suggestion that this weekend's meeting should fix a Stage 2 start date, since it makes no sense to establish a timetable when there is no agreement on the content of Stage 2;

- stress the importance of our market-based ideas for progress beyond Stage 1. The relevance of the UK hard ecu proposal was recognised in Italian Finance Minister Carli's report to the European Council, and by M Delors at the Foreign Affairs Council on Monday. The UK proposals entail a new institution, the European Monetary Fund;

- repeat our opposition to the imposition of a single currency. Nor is this a practical economic proposition for a number of other member states in the foreseeable future. The Community must move forward together, otherwise irreparable damage will be done to its internal development and international reputation, which neither France nor the UK would want.

If President Mitterrand raises the question of the European Parliament and Strasbourg, the Prime Minister could assure him that we understand French concerns and have no interest ourselves in changing the present arrangements. If the French and those most closely involved can agree to workable new arrangements, confirming Strasbourg as the site of EP plenaries, we would have no difficulties in principle. But we would not want to agree to any specific French proposals without knowing how they fit into the overall package and whether they are acceptable to others.

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GATT

The French have joined those blocking the Commission's GATT agriculture offer. They have signalled privately that they will move eventually, and we expect they will give way once the Germans do. However, if the decision goes to the European Council we may need to isolate the Germans in order to get the offer through. The French position could be pivotal. Even if the Agriculture offer has been agreed, we want the European Council to reaffirm, at least in the conclusions, EC commitment to the success of the whole GATT Round negotiation. The Prime Minister might take the following line:

If Agriculture offer not yet agreed

- Failure to agree Community's agriculture offer threatens to wreck entire round. Now 2 weeks past the deadline we accepted. Imperative that it be agreed as quickly as possible, without further public wrangling.

- Must not forget our political obligations - we committed ourselves at Houston to contribute to a successful outcome to the round. Nor our economic interests: agriculture only around 3.5% of French GDP.

- If Round fails, CAP would come under threat anyway. US and Cairns will bring GATT cases against it, and are likely to win. EC would then face choice between implementation or retaliation by the US.

Whatever the position on agriculture

- Hope Council will agree a clear reaffirmation of our commitment to the Round. Vital to redress damage done to our position by our internal wrangling over agriculture.

Aid to Soviet Union

The Prime Minister will wish to confirm to President Mitterrand that decisions on financial aid would be premature but that the Summit should endorse technical support for the Soviet Union. The Prime Minister might draw on the following:

- Commission right to delay its full report on the Soviet economy. Difficult to exaggerate scale of the Soviet Union's crisis. Financial aid cannot be considered before the IMF report which we asked for at Houston and until Gorbachev has taken a convincing grip on economic reform.

/- EC

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- EC can help with technical assistance. Energy is the priority sector, where Western private expertise can help the Soviet Union to help itself. Energy reform can generate resources to support reform in other sectors.

- Interested by your ideas for an EC-Soviet declaration/treaty. Agree important to add substance to our relations, initially through the Trade and Cooperation Agreement. Foreign Affairs Council should look at your further ideas. (To use the term Association Agreement would cause confusion with our policy on Eastern Europe.)

It is still not certain whether President Gorbachev will visit Paris before the CSCE Summit to sign a bilateral declaration.

Enlargement

The French have been reluctant to comment on the subject of EC enlargement, preferring to stick strictly to the agreed Community consensus that there should be no decisions until at least 1993. There has been no clarification of President Mitterrand's January proposal of a European "Confederation". The intention seems to be to offer an alternative to eventual EC membership for East European countries without appearing to rebuff them. The French are also concerned to develop the existing Community to the maximum before considering enlargement. President Mitterrand may raise the Prime Minister's calls for the Community to offer the prospect of eventual EC membership to the countries of Eastern Europe, once they can fully meet the obligations of membership. The Prime Minister might emphasize that the goal of accession is an important incentive for continued political and economic reform in the new democracies.

French Defence

French defence policy remains confused. President Mitterrand has said he wants to maintain NATO and the US commitment to Europe. But France remains aloof from the NATO strategy review, and M Mitterrand's apparent decision to pull all French forces out of Germany over the next few years may undermine support in Germany for stationed forces. The Germans were surprised and their adverse reaction may have prompted him (in a subsequent television interview) to refer to the possibility of leaving French forces in Germany if judged necessary in a European defence framework. The French support the principle of a common security policy of the Twelve, but jealously guard their right of independent decision on defence policy. They have rejected the Italian proposal to integrate the WEU into the Community but seem prepared to see the WEU serve as a bridge between the Twelve and NATO.

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There are therefore points of convergence with the French on developing European defence identity. It will be worth building on these, given the importance of France as a major European military power. The Prime Minister might wish to touch briefly on the principles set out in the Foreign Secretary's minute of 24 October, particularly the importance of:

- keeping the Americans fully involved in the defence of Europe.
- encouraging the Europeans to take greater responsibility for their own defence, including the more effective response to threats to Western interests outside the NATO area.
- achieving this strengthened European pillar within a changing Alliance.
- using the WEU not the Twelve as the forum for developing the European role.

On bilateral defence co-operation, President Mitterrand may raise the question of the UK TASM. On 18 October, the MOD's Procurement Committee considered the competing US and French candidates, but decided to make no recommendation at this stage. The French, despite discouragement from us, have continued to regard the prospect of Anglo/French co-operation on TASM as the touchstone of future defence co-operation. Their probing is likely to increase as our procurement process reaches a conclusion. Both M Rocard and M Chevènement have spoken publicly in recent days in favour of Anglo/French co-operation on TASM.

There is also an active debate in France about future nuclear options prompted by increasing budgetary pressures. A decision by the President, possibly phasing out the ground-based strategic and pre-strategic missile force, had been expected at the end of last week: it has now been deferred to the end of the year. The President may make the point to the Prime Minister that a UK decision to collaborate on an air-delivered capability could bear directly on a decision to phase out French ground-based missiles and concentrate on the air and sea-based elements of the nuclear triad.

If President Mitterrand raises TASM it would be worth exploring how he sees Anglo-French co-operation on TASM in the context of closer European defence relations. The Prime Minister might say:

- UK still not ready to take a decision. The choice remains genuinely open.



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- Understand you considering future composition of French nuclear arsenal generally? Place of air-launched missiles?
- Aware of broader European security background. TASM will be key part of deterrent forces of the transformed Alliance. How do you think British and French deterrents could fit into a stronger European defence pillar? Would closer Anglo-French co-operation help keep the Germans sound on nuclear deterrence and defence generally?
- Important for UK and France to work closely together on all defence issues.

The French Defence Minister, M Chevènement, visited London this week for discussions with the Defence Secretary. The MOD will be reporting to you direct on these.

I am copying this letter to Brian Hawtin (MOD) and Sonia Phippard (Cabinet Office).

Yours ever,

R. H. T. Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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SECRET

FILE A-FOREIGN/ARAB
(MFM)



bcc PC
CDP 1

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 October 1990

EUROPEAN COUNCIL: ARAB/ISRAEL

General Scowcroft telephoned me again this afternoon, this time on the subject of a possible Declaration on Arab/Israel at the European Council in Rome this weekend. The Americans had heard that the French were going to push for a strong call for an early International Conference. They would very much regret this in the present situation: it would hand a major propaganda victory to Saddam Hussein. I said I was not aware of any specific French proposal. The European Council tended to refer to an International Conference quite routinely in its statements. I did not think an anodyne reference on standard lines could do much harm, especially if we explicitly denied linkage. Scowcroft disagreed: in the present climate a reference to an International Conference would inevitably be seen as a concession by the Twelve to Iraq. I said I would find out where matters stood. We would do our best to avoid anything which could be construed as linked to the Iraq/Kuwait crisis.

I subsequently mentioned this to the Prime Minister, who commented that it might be part of the price which the French were paying for the release of their hostages.

I have recounted this to John Weston by telephone.

I am copying this letter to Simon Webb (Ministry of Defence) and to Sir Robin Butler (Cabinet Office).

CHARLES POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

SECRET

CDP

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Handwritten mark

Mr Weston

Special European Council in Rome: Discussion of hostages in Iraq

The Secretary of State talked to Chancellor Kohl in Bonn this morning about European hostages held in Iraq. Chancellor Kohl made it clear that, for the Germans to get round their present problem (viz the risk of Herr Brandt taking off for Baghdad), they would need to put their domestic discussion about a German emissary to Baghdad into an EC framework. In other words, there needed to be a common attitude among the Twelve. The Chancellor was not thinking of an emissary from the Twelve but of a message to Saddam Hussein from the Community Heads of Government which might be forwarded by Signor Andreotti after this weekend's Special Council.

The first step will be for the Twelve to agree a suitable statement at the Council. The Secretary of State himself supports the idea of such a statement and suggests that you have a word with Herr Kastrup this morning.

I shall try to have a word with Mr Powell at No 10. *(I now have.)*

R. H-T. Gozney

26 October 1990

(R H T Gozney)

- cc: PS
- PS/Mr Waldegrave
- PS/Mr Garel-Jones
- PS/Mr Lennox-Boyd
- PS/PUS
- Mr Fairweather
- Mr Gore-Booth
- Mr Jay
- Mr Young, EU
- Mr Denne, EU
- WED
- News Dept
- ECD(E)
- ECD(I)
- Special Advisers

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CDP

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MF

Mr Jay

Special European Council in Rome: Secretary of State's discussions with Chancellor Kohl on 26 October

In Bonn this morning, Chancellor Kohl talked to the Secretary of State about setting a date for the start of Stage II of EMU, and about GATT.

EMU IGC: Date for Stage II

Chancellor Kohl took the line that he favoured setting a date for the start of Stage II provided that certain conditions were met. The Secretary of State made it clear how much of a difficulty this would cause for the UK. He emphasised that, if other members of the Community sought to push the UK into a corner on this point, the issue would come out badly.

Chancellor Kohl suggested that perhaps the Conclusions of the Special Council could say something about a consensus building around the idea of a specified starting date for Stage II. The Secretary of State had the impression, however, that the Chancellor was not set on seeking even this much and that he might be open to persuasion and, therefore, to dropping references to a date for the start of Stage II.

GATT

Chancellor Kohl said that he did not oppose discussion of GATT at the Special Council in Rome. Discussion was one thing but negotiation of the Community position would be quite another. He could not get into a negotiation while in Rome. He could not make a public compromise in this way.

The Chancellor said that he recognised the importance of the Community's offer on GATT agriculture and accepted that December was a real deadline for the Uruguay Round. He recognised that Germany would have to compromise. He would be prepared to say tough things to German farmers in due course. But not yet.

Chancellor Kohl implied that there could be a trade-off. If the Prime Minister helped him during the discussion of GATT, he might be able to help the UK during the discussion on the EMU IGC.

R. H. T. Gozney
(R H T Gozney)

26 October 1990

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/cc:

cc: PS
PS/Mr Garel-Jones
PS/PUS
Mr Weston
Mr Bayne
Head ECD(E)
Head ECD(I)
Mr Broadbent, Econ Advisers
News Dept
Special Advisers



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JD
file

25/10/90

THE PRIME MINISTER

Dear Prime Minister,

Thank you for your letter of 24 October with the agenda for the special European Council in Rome this weekend. I agree that we shall need to discuss all the items you propose.

As I mentioned to you at Chequers last weekend, I think it important that we discuss some of the major foreign policy issues which we all face at the moment, including the Gulf and the Soviet Union. We ought not to allow our discussions to be dominated by the preparations for the Inter-Governmental Conferences due to start in December.

In this connection, I think we may need to have a good discussion of the GATT Uruguay Round. I very much hope that the meeting of Community Trade and Agriculture Ministers on 26 October will reach agreement on a Community offer on agriculture. Any further delay in reaching agreement on an offer would present a real risk to the Uruguay Round as a whole, and therefore to the survival of the international trading system. This would have grave consequences for all of us. But if agreement is not reached at the meeting on 26 October, I am clear that we must discuss it ourselves this weekend. We must show our GATT partners that the Community remains determined to work hard towards a successful outcome of the Uruguay Round by the early December deadline, and we must be prepared to take the necessary difficult political decisions. Otherwise it will be very hard to convince our partners that we do indeed remain committed to a successful outcome.

RW

If, as we must all hope, agreement is reached at the meeting on 26 October, we shall still need to reaffirm our commitment to the GATT Round as a whole.

I am copying this letter to other Heads of State and Government.

I much look forward to our discussions at the weekend.

Kind regards.

Yours sincerely

Jayant Malhotra

Onorevole Giulio Andreotti

PRIME MINISTER

EUROPEAN COUNCIL IN ROME

You will be attending the European Council in Rome at the weekend. It is set to be a fairly trying occasion. The Council itself begins at 1830 on Saturday evening. The Italian Presidency plan to start by discussing preparations for the two IGCs and assistance to the Soviet Union and Eastern Europe. They envisage breaking for dinner at 2200 and continuing discussion of the Gulf and other international issues over dinner which is likely to finish very late. The Sunday morning will be devoted to examining the conclusions of the Council.

You went through the main issues with the Foreign Secretary tonight: and have written to Signor Andreotti insisting that provision be made for discussion of the GATT negotiations if necessary.

Taking the subjects in order:

Political Union

There is a dreadful mish-mash of ideas in the Presidency's report: plans for a common foreign policy, extended Community competence, more majority voting, greater powers for the European Parliament and all sorts of undesirable schemes. There is even a provision for future transfer of powers from Member States to the Community without Treaty amendment! Luckily, there is no intention to reach other than procedural conclusions at this meeting, although we shall have to watch them like a hawk to be sure that no attempt is made to pre-empt the outcome of the IGC.

Sovereignty You will want to stress the importance of the principle of subsidiarity: the need to focus on greater efficiency in the Community's work and more accountability in the way it spends money. You will also want to underline that there is no alternative to continuing to operate by consensus on foreign policy.

Economic and Monetary Union

I suggest that you do not dwell too much on the British Parliamentary aspects, which are of limited interest to other European countries, but try to exploit the unease which exists among several Governments about the practicality of moving rapidly towards EMU, and in particular the heavy financial costs. You will want to explain again the advantages of our approach: and make clear that we are not ready to accept a single currency (ideally using the Chancellor's formula). The main danger is of an attempt to ambush by setting a starting date for stage 2 of EMU. You will want to point out the absurdity of agreeing to start something on a fixed date before you know what that something is. On the procedural side you will want to ensure that Finance Ministers take the lead in the IGC on EMU.

Soviet Union and Eastern Europe

We are unlikely to be under great pressure on the Soviet Union since the Commission's ideas seem quite sensible. But it is possible they will propose a new financial facility for Eastern Europe, with a large contribution of EC money. You will certainly want to oppose this and ask why on earth we founded the EBRD if it is not going to be used.

The Gulf

We shall need a strong statement of continuing EC solidarity and firmness.

Trans-Atlantic relations

Foreign Ministers are to finalise EC/US and EC/Canada declarations.

GATT

What happens on this depends on the outcome of tomorrow's joint Trade and Agriculture Ministers meeting in Luxembourg. If there is still no agreement, you will want to stress the damage done to the Community's reputation and to its trading relations with the rest of the world.

Sites of the Community institutions

It now seems unlikely that Andreotti will table proposals on

this.

Greek loan

It is all too likely that Mitsotakis will renew his plea for financial assistance for Greece. This is something for the Monetary Committee to consider. But you will want to take the opportunity to invite Greece to lift its block on payments to Turkey under the fourth Financial Protocol.

I attach:

- the bidding letter from Andreotti;
- a telegram from John Kerr;
- a note from the Chancellor;
- a full set of briefs which I have not yet had time to mark up properly.

R. Ingham

CHARLES POWELL
25 October 1990

*Signed on behalf of Mr Powell
in his absence*

c:\foreign\rome

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EUROPEAN COUNCIL 27/28 OCTOBER AND THE PRIME MINISTER'S BILATERAL MEETING WITH PRESIDENT MITTERRAND: SCENE SETTER SUMMARY

← 1. MITTERRAND SEES CURRENT EC AND DEFENCE PROBLEMS THROUGH THE LENS OF HIS CONCERN ABOUT FRANCO-GERMAN BALANCE IN EUROPE. PROBABLY AWARE OF WHAT HINGES ON GULF DEVELOPMENTS FOR US RELATIONS FOR EUROPE. SO FAR, AFTER A SLOW START, HE REMAINS ROBUST AND REALISTIC ABOUT FRENCH INVOLVEMENT IN HOSTILITIES. BUT HE WANTS SPECIFIC FURTHER UN COVER FOR ACTION. STILL PINNING FAITH ON GORBACHEV AND WANTS TO HELP HIM.

DETAIL

2. PRESIDENT MITTERRAND LOOKS STRONGER AND MORE POPULAR HERE THAN WHEN HE HAD HIS LAST BILATERAL WITH THE PRIME MINISTER AT WADDESON MANOR IN MAY. ALTHOUGH RECENT POLLS SHOW A DIP OF 7 POINTS SINCE HIS EARLY OCTOBER PEAK OF 67 PERCENT PERSONAL SUPPORT (AND A SIMILAR PERCENTAGE APPROVING OF HIS GULF POLICY), HE IS DOING WELL ENOUGH, AND THERE IS NO LONGER THE WORRY AT THE ELYSEE WHICH WAS PALPABLE IN THE SUMMER. THANKS TO THE GULF, HE IS SEEN TO BE PERSONALLY GUIDING THE STATE. IN SPITE OF THE STRAIN (5 TELEVISED HOUR-LONG TELEVISED PRESS CONFERENCES SINCE EARLY AUGUST AND FOREIGN TRAVEL) HIS HEALTH SEEMS TO BE HOLDING UP.

3. ON THE DOMESTIC FRONT, THERE ARE BUMPS (SEASONAL PAY-BARGAINING STRIKES, AND MORE SERIOUS THE CONTINUING DISSATISFACTION OF THE SMALL FARMERS). BUT ROCARD'S POPULARITY RATING REMAINS STABLE AT AROUND 53 PERCENT - A GOOD RESULT FOR A FRENCH PRIME MINISTER AFTER TWO YEARS IN OFFICE. TROUBLE SPOTS ARE THE SLOW DOWN OF THE ECONOMY, A PROPOSED TAX REFORM TO HELP FINANCE SOCIAL SECURITY AND URBAN VIOLENCE IN LYON AND ELSEWHERE. THESE FACTORS - AND THE GULF CRISIS - COULD AFFECT THE GOVERNMENT'S AND MITTERRAND'S POPULARITY. BUT THE OPPOSITION CONTINUES TO BE UNABLE TO GET ITS ACT TOGETHER AND HAS FAILED TO MOUNT ANY EFFECTIVE CHALLENGE, THOUGH THE EXTREME RIGHT MAY BENEFIT.

4. THE ISSUES ON TOP OF THE PRESIDENT'S MIND AS HE GOES TO ROME ARE

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THE GULF CRISIS, EC AND EUROPEAN DEFENCE, AND EASTERN EUROPE, IN PARTICULAR HOW/ WHETHER TO HELP THE SOVIET UNION.

THE GULF

5. MITTERRAND HAS MANAGED TO BUILD A CONSENSUS POLICY, ENABLING HIM TO SEND SUBSTANTIAL LAND FORCES TO SAUDI ARABIA. THIS HAS INVOLVED SOLID SUPPORT FOR SECURITY COUNCIL RESOLUTIONS, BALANCED BY INSISTENCE ON FURTHER UN AUTHORITY BEFORE ANY HOSTILITIES, AND A COMMAND STRUCTURE ON THE GROUND WHICH, FOR PRESENTATIONAL PURPOSES, HE COULD ARGUE WAS FRENCH (AND TO A LIMITED DEGREE, SAUDI) AND NOT AMERICAN. HE IS ALSO DOING WHAT HE CAN TO MAINTAIN FRANCE'S SPECIAL POSITION IN THE ARAB WORLD THROUGH HIS OWN AND DUMAS' TOURS OF THE MIDDLE EAST AND HIS HINTS AT PEACE MAKING INITIATIVES AND LINKAGES IN HIS UN SPEECH. THE POSSIBLE RELEASE OF FRENCH HOSTAGES THIS WEEKEND HAS SO FAR NOT DEFLECTED HIM FOR THIS APPROACH, WHICH IS ROBUST ON THE ESSENTIALS.

6. PRIVATELY, MITTERRAND ACKNOWLEDGES THE LEADING ROLE THE US WILL PLAY IN THE EVENT OF WAR AND THAT THE PRESENCE OF FRENCH TROOPS ON THE GROUND WOULD MEAN THAT THEY WERE INVOLVED. HE KEEPS IN REGULAR TOUCH WITH BUSH BY TELEPHONE. HE IS CERTAINLY MORE AWARE THAN MOST THERE OF WHAT HINGES ON DEVELOPMENTS IN THE GULF, AND EUROPEANS RESPONSES, FOR THE FUTURE OF US/EUROPEAN RELATIONS.

7. MITTERRAND BELIEVES THAT THE SECURITY COUNCIL MUST BE SEEN TO BE TAKING KUWAIT, JERUSALEM AND LEBANON EQUALLY SERIOUSLY. HE MADE THIS POINT STRONGLY TO MR CHENEY THIS WEEK. IN THE CASE OF LEBANON, (WHERE THERE IS A STRONG FRENCH IDENTIFICATION WITH THE CHRISTIAN COMMUNITY) HE IS DRIVEN MAINLY BY DOMESTIC CONSIDERATIONS. BUT HE ALSO BELIEVES THAT CONSISTENCY OF APPROACH TO THE MAIN MIDDLE EAST ISSUES WILL HELP TO HOLD TOGETHER THE COALITION AGAINST SADDAM, AS WELL AS PRESERVING FRANCE'S RELATIONS WITH ARAB COUNTRIES (THE PROBLEM OF THE MAGHREB COUNTRIES IS NEVER FAR FROM FRENCH MINDS). IN KUWAIT, HE WOULD PREFER A PEACEFUL SOLUTION, BUT NOT AT THE EXPENSE OF LEAVING SADDAM IN PLACE. HE HAS HOWEVER LITTLE SYMPATHY FOR THE EMIR OF KUWAIT, AND WILL WANT AN TO ENCOURAGE THE GLIMMERS OF DEMOCRACY IN THE KUWAIT NATIONAL CONFERENCE STATEMENT.

EC ISSUES

8. MITTERRAND AND A SMALL INNER CIRCLE ARE DRIVING POLICY ON EUROPE. THROUGH THERE IS BROAD CONSENSUS ON ITS ESSENTIAL POINTS. THE STRATEGY IS TO LOCK THE GERMANS WHILE THERE IS STILL TIME INTO A STRENGTHENED FRAMEWORK OF POLITICAL AND ECONOMIC COOPERATION. THE FRENCH MAKE LITTLE SECRET OF THEIR FEAR THAT WITHOUT SUCH

REINFORCEMENT, GERMANY COULD REVERT TO A MORE NATIONALISTIC POLICY, INCLUDING A SPECIAL RELATIONSHIP WITH THE USSR. THIS WOULD HAVE CONSEQUENCES FOR THE FRENCH SHARE IN COMMUNITY LEADERSHIP AND FOR THE AMERICAN ROLE IN EUROPE'S DEFENCE. STATEMENTS FROM BONN ABOUT GERMANY'S COMMITMENT TO EUROPEAN CONSTRUCTION, WHICH ARE CLEARLY INTENDED TO ALLAY FRENCH FEARS, HAVE ENCOURAGED THEM TO CONVERT SUCH PROTESTATION INTO SUBSTANCE AS QUICKLY AS POSSIBLE.

9. ON POLITICAL UNION, THIS STRATEGY MEANS DEVELOPMENT ON A COMMON FOREIGN AND SECURITY POLICY TO GIVE EUROPEAN A POLITICO/MILITARY VOICE WHICH MATCHES ITS ECONOMIC WEIGHT. EVENTS IN THE GULF HAVE SHARPENED THIS VIEW. THE PRESIDENT SEES THE EUROPEAN COUNCIL AS THE PROPER FORUM FOR ESTABLISHING SUCH A COMMON POLICY. SO HE EXCLUDES A SIGNIFICANT ROLE IN THIS AREA FOR THE EUROPEAN PARLIAMENT AND, ABOVE ALL, FOR THE COMMISSION. THE PRESIDENT DOES NOT WANT MAJOR ADJUSTMENT OF THE COMMUNITY'S INSTITUTIONAL GEOMETRY, ALTHOUGH HE IS PERSONALLY ATTACHED TO GIVING EUROPE A MORE 'HUMAN FACE' TO BALANCE ITS BUREAUCRATIC ASPECTS.

10. FRENCH FEARS ABOUT GERMANY ALSO GOVERN THEIR POLICY ON EMU. THEY BELIEVE THAT EARLY MOVEMENT TOWARDS STAGES 2 AND 3 SHOULD GIVE FRANCE (AND OTHERS A SAY IN THE MAJOR MONETARY DECISIONS AFFECTING THEM WHICH ARE CURRENTLY TAKEN BY THE BUNDESBANK. THEY WANT THE UK TO BE PART OF THE PROCESS: BUT WHILE THEY ARE WILLING TO EASE TIMETABLES (WHICH THEY IMAGINE WILL HELP US). THEY WILL NOT COMPROMISE ON THE FINAL OBJECTIVE OF A SINGLE CURRENCY OR SOME SORT OF EUROFED.

11. MORE GENERALLY, ALTHOUGH PRESERVATION OF THE FRANCO/GERMAN AXIS REMAINS AT THE HEART OF MITTERRAND'S APPROACH TO EUROPE, THE FRENCH ARE INCREASINGLY LOOKING TO THE COMMUNITY (INCLUDING THE UK) AS AN INSURANCE AGAINST FUTURE PROBLEMS IN THAT CENTRAL RELATIONSHIP.

12. THE PRESIDENT IS UNLIKELY TO WANT TO TALK ABOUT GATT, NOT LEAST BECAUSE OF HIS WELL-KNOWN ANTI-PATHY FOR ECONOMIC MATTERS. HIS PREOCCUPATION IS THE POLITICAL ONE THAT THE PLIGHT OF FRANCE'S POORER FARMERS HAS GENERATED WORRYING LAW AND ORDER PROBLEMS AS WELL AS SYMPATHY AMONG ORDINARY FRENCHMEN. THE FORCE OF THE AGRICULTURAL LOBBY MAKES IT LIKELY THAT FRENCH OBSTRUCTIONISM WILL CONTINUE FOR AT LEAST AS LONG AS THE GERMANS HOLD OUT. IT WOULD BE WORTH THE PRIME MINISTER MAKING CLEAR PRIVATELY TO MITTERRAND THE ABSURDITY OF A DEADLOCK OVER AGRICULTURE HOLDING UP AGREEMENT ON A LARGER AND MORE IMPORTANT PACKAGE.

NATO REVIEW

13. THE PRESIDENT FELT BRUISED AFTER THE LONDON SUMMIT, THOUGH HE RECOGNISED THAT THE DECLARATION MET THE PRINCIPAL REQUIREMENT OF THE MOMENT IE TO PERSUADE THE RUSSIANS THAT NATO HAD NO AGGRESSIVE INTENTION AND THEREFORE TO UNBLOCK THE PROCESS OF GERMAN UNIFICATION. BUT HE IS WORRIED THAT THE DECLARATION LANGUAGE (LAST RESORT) HAS MADE ALLIANCE NUCLEAR POLICY LESS CREDIBLE. MITTERRAND HAS NOT YET FOCUSED PERSONALLY ON THE NATO REVIEW, BUT HIS GENERAL VIEWS ARE CLEAR: HE RECOGNISES THE IMPORTANCE OF THE ALLIANCE AS THE BEST VEHICLE FOR MAINTAINING A CREDIBLE US NUCLEAR GUARANTEE AND THE PRESENCE OF US FORCES IN EUROPE: BUT BELIEVES IT FOCUS SHOULD BE ON COMBATTING THE RESIDUAL SOVIET THREAT. HE OPPOSES THE EXTENSION OF NATO'S COMPETENCE INTO 'OUT OF AREA' ISSUES, AT THE SAME TIME HE BELIEVES THAT EUROPE SHOULD GRADUALLY ASSUME GREATER RESPONSIBILITY FOR ITS OWN DEFENCE, THOUGH THE CREATION OF A EUROPEAN PILLAR (PERHAPS BASED ON AN EXPANDED WEU) WHICH CAN DEAL WITH THE US AS AN EQUAL PARTNER. THE GULF CRISIS HAS REINFORCES THIS CONVICTION. FRANCO-GERMAN RELATIONS WERE STRAINED IN SEPTEMBER BY MITTERRAND'S ANNOUNCEMENT THAT ALL FRENCH STATIONED FORCES WOULD BE WITHDRAWN FORM GERMANY. HE AS SINCE HINTED, HOWEVER, THAT SOME TROOPS MIGHT STAY, ALBEIT ON THE BASIS OF NEW BILATERAL AGREEMENTS AND IN A EUROPEAN CONTEXT.

14. AGAINST THIS BACKGROUND MITTERRAND SEES ANGLO-FRENCH DEFENCE COOPERATION, INCLUDING THE NUCLEAR FIELD, AS OF INCREASING IMPORTANCE. HE HAS ASKED THE DEFENCE MINISTER TO MAKE RECOMMENDATIONS ON FRANCE'S FUTURE NUCLEAR FORCES BEFORE THE END OF THE YEAR. OUR DECISION ON ASLP WILL BE RELEVANT TO THIS DEBATE.

SOVIET UNION

15. GORBACHEV WILL BE IN PARIS BRIEFLY ON 28/29 OCTOBER AND WILL SIGN A NEW TREATY ON FRANCO-SOVIET RELATIONS. LIKE US MITTERRAND WANTS TO HELP GORBACHEV. THE TREATY IS DESIGNED TO DO THIS, PURGED OF SOME UNACCEPTABLE LANGUAGE (EG ON DENUCLEARISATION) WHICH THE RUSSIANS ORIGINALLY SUGGESTED. THE FRENCH HAVE NOW SUGGEST THAT THERE SHOULD BE AN EC-SOVIET TREATY TOO. THEIR MAIN EMPHASIS LIKE OURS IS ON THE EQUIVALENT OF OUR KNOW HOW FUND. BUT THE QUESTION OF FURTHER FINANCIAL AID WILL ALSO BE ON MITTERRAND'S MIND, AND DUMAS ARGUED IN THE HE FAC LAST WEEK FOR MUCH GREATER GENEROSITY THAN WE THINK SENSIBLE AGAINST THE BACKGROUND OF UNCERTAINTY AND BREAKDOWN IN THE SOVIET UNION.

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EUROPEAN DEMOCRATIC GROUP

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25th October, 1990

Charles Powell, Esq.,
10 Downing Street,
London SW1

Prime Minister
CPD
MTx

Dear Charles,

The Prime Minister may wish to glance at this before she goes to the European Council.

With best wishes.

James
Christopher

CHRISTOPHER PROUT

3 Pages to follow. -

EMBARGO: 19.00 HOURS ON FRIDAY, 26TH OCTOBER 1990

**EXTRACT FROM A SPEECH BY SIR CHRISTOPHER PROUT, QC, MEP,
CHAIRMAN OF THE EUROPEAN DEMOCRATIC (CONSERVATIVE) GROUP
IN THE EUROPEAN PARLIAMENT, TO SCOTTISH CONSERVATIVES AT
THE MID-SCOTLAND AND FIFE EURO CONSTITUENCY DINNER IN
KINROSS ON FRIDAY, 26TH OCTOBER 1990**

Most of you will have seen the headlines over the last few weeks calling our attention to the danger of the failure of the current GATT negotiations aimed at liberalizing world trade, including agriculture. In Europe's Farm Ministers, it seems to have hit a very stubborn obstacle: Germany - supported, at a distance, by France and Ireland. Why? Mainly because Farm Minister Kiechle is playing for electoral advantage.

DOES IT MATTER? The Community has passed the last deadline for making our GATT submission. Our major partners have put theirs in. Germany is in danger of undermining the confidence of Europeans and non-Europeans alike in the EC's ability to take decisions that matter when they matter! The consequences of a failure in GATT will affect us ALL, farmers, industrialists, young and old, consumers and taxpayers. We have built up that confidence in the EC as we have built the Single Market. We have created a Community increasingly influential in the world. Maintaining this confidence is crucial if the Community is to succeed in its necessarily ambitious objectives over the next few years.

A failure of nerve now - for whatever reason - is unacceptable. My Group is backing the Government to ensure that looking after traditional patterns of rural life does not rob our economy - Europe's economy - of the chance to build on the gains that deregulation and the single home market offer us.

Agreement in GATT is essential. We need new disciplines to contain and resolve the damaging farm and trade disputes, primarily between the EC and US, of the last few years - to stop the waste of money involved in dumping our unwanted foods. As it becomes clear that the 1988 CAP reforms package is failing and coming under renewed budget and political pressure - partly the price of German unification - we will have to move on in the progressive but evolutionary reform of the CAP.

The question I hope the Prime Minister will ask Chancellor Kohl is: Does he really believe it will be easier to reform the CAP unilaterally; or does he not accept that it would be easier in a multi-lateral context where the EC, US, Japan and Canada - all bite the bullet together?

In Germany, state spending on farm policies is higher than the total income from farming. The system is insanely counter-productive: it penalizes the consumer and industry without rewarding the smaller farmers it seeks to help.

Can we check this - and see what the figures are

To defend all this, we are being asked to risk an outburst of protectionism, which would make Fortress Europe a reality almost overnight - along with Fortress Japan and Fortress North America. The main losers would be the developing countries and the new democracies in East and Central Europe - who would lose the chance, offered by open markets, to become successful liberal market economies.

The EC difficulties over agriculture are not the only threat to agreement in GATT - there are difficulties over telecommunications and textiles. But if we will not even negotiate we will surely carry the blame for the inevitable failure to agreement on everything else.

I hope the Community this weekend will in firm and friendly terms tell Chancellor Kohl that what is sauce for the goose is sauce for the gander. We are all leaning over backwards - and willingly - to enable an extraordinarily rapidly reunified Germany to participate fully in and benefit from the European Community. Germany in turn must not now seek to put short term electoral interests ahead of those of the whole of Europe.

ENDS



Foreign and Commonwealth Office

London SW1A 2AH

25 October 1990

Dear Charles,

European Council

Thank you for sending us Signor Andreotti's letter to the Prime Minister. I enclose a translation.

As expected, it highlights the two Inter-Governmental Conferences and the Soviet Union as the main focus for discussion at Rome. The Foreign Secretary will be commenting on Signor Andreotti's proposals.

As you will see, Andreotti does not propose to discuss the GATT. This is a significant omission. The Prime Minister said to President Cossiga yesterday that there might need to be a full discussion of this in Rome.

The Foreign Secretary thinks it would be useful for the Prime Minister to reply to Andreotti in advance of the European Council, to make this point. This might be copied to other Heads of Government, and would reinforce the Prime Minister's case for a discussion on Saturday.

If the Prime Minister agrees, the letter should issue as soon as possible. We can arrange for it to be delivered to other Heads of State and Government urgently.

I enclose a draft to Signor Andreotti.

Yours,

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

*All sorts of
suggestions, criticisms
Foreign Ministers should be
able to continue their work
by European Council.
Progress in preparatory work
Report to the President*

SN 284/2/90
(ORIG. 1)

Rome, 24 October 1990

Letter from the President of the Council to his colleagues

Dear friend and colleague,

It will be my great pleasure to welcome you to Rome on 27 and 28 October at a time when a number of events, within and outside the Community, demand our special attention.

In view of the limited amount of time available, I feel our discussions should focus on three issues of particular importance: firstly, the Community's long-term future, and hence the preparations for the two Intergovernmental Conferences on Economic and Monetary Union and on Political Union, which open in Rome in December; the forthcoming international gatherings in which the Community will be involved, such as the CSCE Summit in Paris, the conclusion of the transatlantic declarations, relations with the Soviet Union and the East European countries; finally, immediate events and in particular the Gulf crisis and its political and economic repercussions.

On the question of Economic and Monetary Union, work appears already to be far advanced. It is clear from the report by the ECOFIN Council President and from the findings of the Council meeting on General Affairs on 22 October, which are the subject of the attached letter from Mr De Michelis, that the preparatory work may be regarded as substantially complete. We shall therefore be able to conduct a useful discussion on these topics, arriving at conclusions which will provide valuable pointers for the future negotiations within the Intergovernmental Conference.

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With regard to Political Union, we have the Foreign Ministers' report and the Presidency's introduction thereto, contained in the letter from Mr De Michelis, as well as the Commission's opinion, all of which are annexed to this communication and deserving of our closest attention. I believe it would greatly benefit proceedings if we were to hold a constructive exchange of opinion on the major options open to us.

In this connection we will be able to confirm our commitment to the Community's gradual progress towards European Union, having due regard to the principle of subsidiarity and to national identities. This process presupposes that the European Parliament's legislative and monitoring powers are such as to ensure the democratic legitimacy of the Union and that the institutions can be made to operate more effectively. Lastly, developments on the international scene oblige us to increase the effectiveness and cohesion of Community action internationally, and to achieve a common foreign and security policy.

As regards the organization of the forthcoming Intergovernmental Conferences, I believe that we can swiftly reach agreement on some arrangements which will enable work to proceed with all possible speed and efficiency. I refer you to the suggestions put forward by the Ministers for Foreign Affairs.

Turning to the other items on the agenda: President DELORS will report on the mandate given him in Dublin to explore, in consultation with the government of the Soviet Union, ways of providing short and long-term support for the process of reform under way in the Soviet Union as it moves towards a market economy. This will, of course, be only an initial discussion, but I consider it important that we signal our readiness to make a substantial, concrete contribution to this process in ways which could be defined in December, on the basis of proposals which the Commission will submit to us.

On the basis of the attached paper which the Commission forwarded to the Presidency, we shall also discuss our relations with the East European countries

kin/AH/bt

and the Community's contribution to the G-24's assistance to them. We shall have to confirm our backing for the political and economic reforms in these countries, at a time when world economic conditions are compounding their difficulties.

Regarding the definition of the future conditions for stability and co-operation within the CSCE, we shall be able to confirm our agreement on the position to be adopted for the Summit in Paris in November and on the part the Community should play in them.

We shall also examine the joint declarations that we hope to sign with the United States and Canada on our mutual relations, the terms of which - as regards the European position - have been defined by the Ministers for Foreign Affairs.

I propose that we open the proceedings for our Rome meeting at 18.30 on Saturday 27 October, with the statement by the President of the European Parliament. After this, we shall tackle the preparatory work for the two Conferences and relations with the Soviet Union and the East European countries.

During dinner, which will take place rather late, and in the course of the evening, we shall discuss current international problems, in particular the Gulf, while the Foreign Ministers finalize the texts on transatlantic relations and the CSCE. We will also be able to have a brief discussion on the subject of the seats of the Community institutions, a matter which the Dublin European Council in June entrusted the Presidency to resolve.

The meeting on Sunday morning, 28 October, starting at 09.00, will be given over as usual to finalizing the conclusions of the European Council.

Looking forward to seeing you soon, I take this opportunity to send you my cordial regards.

(s.) Gianni De Michelis

SN 4315/1/90 (24.10)
(ORIG. 1)

Rome, 23 October 1990

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Mr President,

At the meeting on 22 October the General Affairs Council examined and adopted the report from Senator Carli, the President of the ECOFIN Council, on the outcome of the discussions of the Ministers for Economy and Finance, which I attach for submission to the European Council on 27 and 28 October.

At the same meeting the Ministers for Foreign Affairs approved the report on Political Union from their Personal Representatives, which I also attach in preparation for the European Council discussion.

The Ministers for Foreign Affairs also discussed an outline plan of the main features for the organization of the two Intergovernmental Conferences, which is also attached and which obtained a broad consensus. Before the Council meeting the Permanent Representatives Committee will examine certain points on which reservations still remain.

With regard to preparations for Political Union, despite the short time available and the complexity of the problems, I think it is fair to say that a substantial task has been completed. The document in question indicates the possible options - and the degree of consensus which each has obtained - in reply to the queries raised by the Dublin European Council, which had already broadly defined the sectors to be analysed with a view to producing a policy for institutional reform. The report - already discussed by the Ministers for Foreign Affairs on 6 October - does not conceal the differences which exist, and which are sometimes substantial, on individual points, a fact which justifies its length but which enables all the countries taking part to be accurately represented. Keeping several options open facilitates preparation of the negotiation at the upcoming Conference and increases their chances of success.

This positive approach was further reaffirmed by the constructive nature of the inter-institutional meeting held in Strasbourg on 22 October 1990 which was given up to preparations for the Inter-Governmental Conference.

Mr Giulio Andreotti
President of the Council of Ministers
Palazzo Chigi

ROME

dre/AH/at

This will enable the Rome European Council to carry out an initial verification of the degree of consensus which exists for some of the basic options put forward. The discussion will be extremely useful for the subsequent preparations to be carried out between now and the European Council in December.

In order to facilitate the reading of the text on institutional reform, I will take the liberty of adding a few remarks summing up its essential points.

The assumption underlying the whole exercise seems to me to be the universally shared recognition that the Community must increasingly be able to act as one not only in the economic field but also in political matters, specifying in the Treaty the reasons for this undertaking as well as the sectors in which it should be translated into practice.

The reasons for coming to this conclusion are familiar to us and may be traced back to the need to:

- (a) increase the Community's ability to protect its interests, by emphasizing the Community's political dimension at a time of changing balances both worldwide and within Europe, a process in which the Community itself must play an ever more important role;
- (b) provide better safeguards, through joint action, for Member States' security, in the widest sense of the term;
- (c) elevate the identity of the European citizen so that a true model of European citizenship emerges, by codifying a series of citizens' rights, whether existing or yet to be conferred, on the basis of the features characterizing Political Union (freedom of movement, residence and establishment; voting rights in the place of residence for local elections and in European Parliament elections; joint protection of Member States' citizens, etc.).

In order to achieve these objectives, which it will be up to the Conference to translate into action, the Presidency, taking its lead also from the prevailing thinking amongst the Member States, considers it necessary to:

- (1) Define ways and means of gradually and flexibly establishing a common foreign policy in basic and clearly defined areas and sectors, covering what the Twelve consider to be their essential objectives and interests. We take note of the consensus that has developed in favour of referring for this purpose to a single Council, responsible for Community matters, foreign policy and

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security, and of ensuring that the European Parliament is properly informed on the common foreign policy. The lines of the common foreign policy should be determined on a case-by-case basis in a pragmatic way by the Institutions (European Council assisted by the General Affairs Council). In this connection, I should also point out in particular that a number of partners supported the Commission's proposal to include in the common foreign policy a significant part of development co-operation. It would also seem to be appropriate, through amendments to the political co-operation mechanisms, to vary the conditions for taking decisions, going from unanimity in certain cases specified by the European Council, with the possibility of abstaining or opting out, to a qualified majority.

- (2) Identify objectives and instruments for a joint security policy extending beyond the present limits. This will mean defining the possible aspects of security (industrial and technological co-operation in the military sphere, transfer of military technology, non-proliferation, negotiations on disarmament and on confidence-building measures, in particular in the context of the CSCE, possible joint participation in peace-keeping operations and other initiatives in the context of the UN). It has been suggested that this objective could also be achieved by progressively greater co-ordination, and possibly in the long term by a merger, between the Community and the WEU, and by inserting a reciprocal guarantee pact into the new Treaty.

The Commission will participate fully in drawing up the common foreign policy, with the right, which will obviously not be exclusive, to propose initiatives. The Political Co-operation General Secretariat, suitably expanded, would be incorporated into the General Secretariat of the Council, while maintaining a specific structure. It would assist the Presidency and the Council in preparing and implementing the common foreign and security policy.

- (3) Extend Community integration to other sectors complementary to economic integration and essential for the social and cultural cohesion of the Political Union. In most Member States' views, the setting up of the Single Market and of Economic and Monetary Union make it essential to broaden and strengthen the powers of the Community in the realm of social policy, by introducing majority voting in this sphere as in that of the environment and research. Some Member States would also add the free movement of persons to the list. In addition, it is being suggested that certain areas of

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intergovernmental responsibility (e.g. drugs, police and judicial co-operation) could be given a basis in the Treaty, so that co-operation can be more precisely oriented.

It has also been suggested in several quarters that a flexible instrument for the transfer of powers from the Member States to the Community be inserted into the Treaty. Such an instrument could consist of a fortified version of Article 235, under which the Council would decide unanimously, with the agreement of the European Parliament.

As was noted by the Dublin European Council, the achievement of such significant objectives and the setting up of the necessary instruments would not be possible without a review of mechanisms of Community integration in terms of

- (a) democratic legitimacy
- (b) efficiency.

- (a) Concerning democratic legitimacy, it is foreseeable that the European Parliament itself will assess the appropriateness of its own role in the future Union according to three criteria: its involvement in the appointment of the President and Members of the Commission; the extension of the use of assent; its full participation in the Community's legislative process.

There seems to me to be a sufficient consensus on the need for the European Parliament to confirm the appointment of the President and the Commission, even if the question of how this should be achieved remains open. The same applies to the extension of the use of assent, at present confined to association and accession agreements, to include other important international agreements (though not purely commercial agreements) as well as other Articles of the Treaty.

There is also a consensus on allowing the European Parliament greater powers of control over the application of Community policies (financial and budgetary control, right of investigation, right to bring proceedings before the Court of Justice).

With regard to the legislative initiative, the majority is not in favour of extending this to the European Parliament, but some Member States feel the Parliament could call upon the Commission to act wherever it considered it to be failing in its responsibilities on a matter of general interest.

Regarding participation in the legislative process, I am aware that, while all Member States are in favour of extending the co-operation

Good
Heavens!
A blank
cheque!

NO

dre/AH/bt

procedure, only some share the Presidency's belief in the need to introduce a genuine power of co-decision with the Council on matters of legislative or constitutional importance, if a substantial change in the current role of the European Parliament is to be achieved. Still to be discussed in detail are the possible mechanisms by which co-decision may be achieved, while upholding the requirement that the Community's effectiveness in decision-taking must not be reduced.

With a view to involving national Parliaments in Community action, consideration has also been given to the possibility of creating a representative body, with specific tasks, made up of Members of the European Parliament and of national Parliaments.

- (b) Regarding the effectiveness of the Institutions, the overriding requirement is to define the future role of the European Council, which some Member States feel should have a higher profile. In any event, the European Council should in the view of the majority of delegations exercise the responsibilities resulting from the Single Act and the Stuttgart Solemn Declaration: power of giving impetus, determining general guidelines, identifying new areas for co-operation and ensuring overall coherence of the Community's actions.

No
/

The most significant innovation, as far as the Council is concerned, could well be the extension of majority voting. Many Member States feel that majority voting should become the general rule, except in the case of constitutional or institutional issues and for a limited number of other exceptions. All agree that the general co-ordinating role of the General Affairs Council should be increased, inter alia by giving it the power of arrogating issues from the specialized Councils and making it the sole channel to the European Council.

As for the Commission, in addition to its international role, its management powers should be given greater emphasis, particularly by making a distinction between the legislative acts and more specifically implementing acts.

It will be necessary to improve the operation of the Court of Justice and of the Court of Auditors, increasing the effectiveness of the judgments of the former and the investigative powers of the latter.

The role of the Economic and Social Committee should be redefined, while some countries see a need for the creation of a body that would allow the interests of the Community's various regional structures to be taken into account.

Finally, the Community should have access to the resources necessary for it to carry out its institutional aims.

dre/AH/bt

All this will mean introducing amendments to the Treaty regarding the functions of the institutions and their modes of operation. One particular criterion should serve as a guide: the achieving of a better balance among the various institutions, without the strengthening of one resulting in the weakening of the others.

The relations between the Member States and the Community are also a factor in the balance of the institutions, in accordance with the criterion of subsidiarity also governing the relations between the European Parliament and the national Parliaments, as is the role of the regions. There is a broad consensus that the principle of subsidiarity should feature in the preamble to the new treaty to define the basic criterion for allocating competence at the various levels. Compliance with this principle should be ensured through political rather than legal instruments.

Balance between the institutions also means finding a balance among the various models of integration, taking into account the fact that the construction of Europe is a process and that we must avoid launching into a theological dispute over such an original creation which cannot be patterned on a single model. This process must in our view embrace, without negative interaction, coexisting phases of intergovernmental co-operation and confederation-style decision-making, centred however round an axis that, as has been seen with the new policies too, must be clearly federal in nature.

One final consideration is the future size of the Community. We should not forget that we are discussing amendments that may determine the way it works for the next decade and which should therefore also be seen from the viewpoint of new accessions. Hence certain proposals, for example majority voting, aimed at ensuring that the institutions are fully able to respond to the requirements of a larger Community.

I take this opportunity to send you my best regards.

Gianni De Michelis

RESTRICTED
FM MADRID
TO IMMEDIATE FCO
TELNO 927
OF 251600Z OCTOBER 90
AND TO INFO IMMEDIATE UKREP BRUSSELS, OTHER EC POSTS
AND TO INFO PRIORITY WASHINGTON

CORRECTED VERSION
EUROPEAN COUNCIL: SPANISH BACKGROUND POLITICAL BACKGROUND

SUMMARY

1. DOMESTIC PROBLEMS, ECONOMIC AND POLITICAL, LOOM FOR FELIPE GONZALEZ. NO SURPRISES LIKELY IN SPANISH POSITION ON EMU OR POLITICAL UNION. INSTITUTIONAL REFORM. ON GATT, SPAIN WILL FALL IN WITH OVERALL CONSENSUS AND WILL HOPE TO SECURE ONE OF EUROPEAN INSTITUTIONAL SITES ON OFFER. GONZALEZ LIKELY TO SUPPORT AN EARLY DECISION ON EC AID TO SOVIET UNION. SOME STIFFENING OF THEIR POSITION ON THE GULF MAY BE NECESSARY.

DETAIL

2. FELIPE GONZALEZ WILL COME TO THE COUNCIL BREATHLESS FROM TALKS IN MADRID WITH PRESIDENT GORBACHEV, WHO ARRIVES HERE TOMORROW FOR A HASTILY ARRANGED 3-DAY VISIT. GONZALEZ WILL, NO DOUBT, HOPE TO IMPRESS GORBACHEV WITH THE SPANISH MODEL OF SUCCESSFUL TRANSITION FROM DICTATORSHIP TO DEMOCRACY.

3. GONZALEZ WILL HOWEVER RETURN FROM THE COUNCIL TO FACE, WITH LESS RELISH HIS 4-YEARLY PARTY CONFERENCE, IN TWO WEEKS AT A TIME OF INCREASING RESTLESSNESS IN THE PSOE, FOCUSED ON HIS DEPUTY, ALFONSO GUERRA, WHOSE GRIP ON THE PARTY ORGANISATION IS SEEN AS INCREASINGLY DIVISIVE. THE MAIN AIM OF THE CONFERENCE, WILL BE TO RESTORE COHESION AND BREATHE NEW LIFE AND IDEAS INTO A PARTY WHICH, AFTER 8 YEARS IN POWER, LOOKS INCREASINGLY STALE.

4. THIS PARTY RENOVATION IS WIDELY EXPECTED TO INCLUDE A GOVERNMENT RESHUFFLE, SOMETHING GONZALEZ HAS CONSISTENTLY SHIED AWAY FROM. WITH THE EXPECTED RESTRUCTURING AFTER LAST YEAR'S GENERAL ELECTIONS HAVING BEEN REPEATEDLY DELAYED, THERE IS A FEELING NOW THAT CHANGES ARE LONG OVERDUE. THIS HAS BEEN EXERTING. MOST COMMENTATORS FEEL A

DEADENING INFLUENCE ON GOVERNMENT DECISION-MAKING. THE MINISTERS OF MOST IMMEDIATE INTEREST TO US, FERNANDEZ ORDONEZ AND SOLCHAGA, SEEM UNLIKELY TO BE MOVED, ALTHOUGH THE LATTER IS UNDER HEAVY ATTACK FROM GUERRA SUPPORTERS. GONZALEZ WILL ALSO HAVE THE BASQUE REGIONAL ELECTIONS ON HIS MIND (28 OCTOBER) WHERE THE SOCIALISTS ARE LIKELY TO LOSE GROUND.

THE ECONOMY

5. ECONOMIC PROSPECTS OFFER LITTLE JOY EITHER. SPAIN HAS COME TO THE END OF HER REMARKABLE 4-YEAR RUN OF AROUND 5% GROWTH PER YEAR. 3.5% IS EXPECTED FOR THIS YEAR FALLING TO 2.9% IN 1991. INFLATION IS AROUND 6.7% AND THE FALL IN UNEMPLOYMENT (OFFICIALLY 15.2%) HAS FOR THE MOMENT CEASED. THE BALANCE OF PAYMENTS DEFICIT IS EXPECTED TO AMOUNT TO 3.8% OF GDP BY THE END OF THIS YEAR. A TIGHT BUDGET FOR 1991 IS CURRENTLY BEFORE PARLIAMENT PROMISING PUBLIC SPENDING CUTS AND A REDUCTION IN THE BUDGET DEFICIT TO 0.9 NEXT YEAR. THE EMPHASIS IS ON WAGE RESTRAINT. HOWEVER, A RELAXATION OF CREDIT CONTROLS IS PROMISED FOR THE TURN OF THE YEAR.

EC ISSUES

6. WITHIN THE COMMUNITY SPAIN HAS EXPERIENCED BOTH THE SATISFACTION AND THE COST OF ITS INDEPENDENT INITIATIVE ON EMU. THIS PROPOSAL, WHICH WAS DESIGNED TO AVOID A TWO-SPEED EUROPE, TO HELP KEEP THE UK ON BOARD AND TO PROVIDE SPAIN WITH A LONGER PERIOD OF ADJUSTMENT BEFORE STAGE III, HAS NOT BEEN WITHOUT ITS POLITICAL PRICE IN TERMS OF SPAIN'S EUROPEAN CREDENTIALS AND GONZALEZ'S PERSONAL RELATIONS WITH DELORS. BUT THE SPANIARDS HAVE NOTED WITH SATISFACTION THE INCREASING SUPPORT WHICH THEIR IDEAS HAVE ATTRACTED (NOTABLY THE RECENT ACCEPTANCE BY BOTH GERMANY AND FRANCE OF THEIR PROPOSAL THAT THE START OF STAGE II SHOULD BE DELAYED UNTIL JANUARY 1994) AND THEY SEE THE UK'S ENTRY INTO THE ERM AS A VINDICATION OF THEIR POLICY. THEY HAVE PLAYED AN ELEGANT HAND IN PORTRAYING THEIR POSITION AS CONSISTENT WITH THE FULL PURITY OF THE DELORS REPORT.

7. GONZALEZ WILL NOT WANT TO LEAVE ANY DOUBT ABOUT THEIR COMMITMENT TO THE FINAL OBJECTIVE OF A SINGLE CURRENCY ALTHOUGH CRITERIA ARE INCREASINGLY LINKED TO DATES IN THE STEPS TOWARDS ITS ACHIEVEMENT. THERE IS UNLIKELY TO BE ANY SPANISH INTEREST IN REOPENING THE PRESIDENCY PAPER. WHILE NOT WISHING TO BE IDENTIFIED WITH THE UK POSITION ON MONETARY UNION AT THIS EUROPEAN COUNCIL TO ANY GREATER DEGREE THAN HE ALREADY IS, GONZALEZ WILL NEVERTHELESS BE HOPING THAT NOTHING HAPPENS TO UPSET WHAT HE (OR CERTAINLY HIS MINISTERS) SEE AS

A CONSTRUCTIVE RELATIONSHIP ON THE EVE OF THE IGC.

8. I HAVE OUTLINED THE SPANISH APPROACH TO POLITICAL UNION/INSTITUTIONAL REFORM IN MY TELNO 906. HERE, TOO, OUR UNDERLYING OBJECTIVES ARE NOT DISSIMILAR - GREATER CONTROL OF THE COMMISSION AND A CLOSER ALIGNMENT OF INTERESTS BETWEEN THE COUNCIL AND THE PARLIAMENT - BUT I DO NOT ANTICIPATE THESE FUNDAMENTAL INTERESTS BREAKING THROUGH GONZALEZ'S RHETORICAL VISION OF EUROPE. HE WILL WANT TO SEE HIS OWN IDEAS ON A 'CITIZENS EUROPE' FIRMLY AND VISIBLY ENDORSED AND WILL BE AN ACTIVE PROPONENT OF STEPS TOWARDS A COMMON DEFENCE AND SECURITY POLICY.

GATT

9. THE SPANIARDS RECOGNISE THE FULL IMPORTANCE OF THIS ISSUE FOR THE EUROPEAN COUNCIL IF NO AGREEMENT IS REACHED BEFORE THEN. AGRICULTURE MINISTER ROMERO IS UNLIKELY TO CONCEDE HIS DEMANDS AT THE JOINT COUNCIL ON 26 OCTOBER UNLESS OVERALL AGREEMENT LOOKS POSSIBLE, LEAVING IT TO GONZALEZ TO FALL IN WITH ANY OVERALL CONSENSUS. AT THE END OF THE DAY SPAIN WILL NOT BLOCK AN AGREEMENT THAT IS ACCEPTABLE TO OTHERS.

SITES

10. THE SPANIARDS FIRMLY BELIEVE THAT THEY ARE ENTITLED TO ONE OF THE EUROPEAN INSTITUTIONAL SITES ON OFFER. THEY WOULD PREFER THAT OF THE EUROPEAN ENVIRONMENTAL AGENCY BUT WOULD PROBABLY SETTLE FOR THE TRADE MARK OFFICE. IT IS IN OUR INTERESTS IN KEEPING SPAIN ON BOARD FOR THE IGC'S FOR US TO BE SYMPATHETIC.

SOVIET UNION

11. GORBACHEV WILL, NO DOUBT, PRESS HIS HOST HARD FOR AID TO THE SOVIET UNION. WITH THESE PLEAS FRESH IN HIS MIND, GONZALEZ MAY BE MORE INCLINED TO SUPPORT AN EARLY DECISION ON EC AID TO THE SOVIET UNION. TODAY'S PRESS REPORTS THAT SPANISH AND SOVIET DELEGATIONS HAVE AGREED A SUBSTANTIAL CREDIT PACKAGE FOR THE SOVIET UNION, WITH AN UNUSUALLY HIGH PERCENTAGE (50%) DEVOTED TO CONSUMER GOODS. THE DEGREE OF CONCESSIONALITY IS NOT CLEAR.

THE GULF

12. THE SPANISH PRIORITY IN RESPONDING TO THE GULF CRISIS HAS BEEN TO KEEP IN STEP WITH EC PARTNERS. THEIR DECISION TO SEND THREE

WARSHIPS TO THE REGION WAS A MAJOR STEP, FOR A COUNTRY THAT HAS BEEN RELUCTANT TO DEPLOY ITS FORCES EXTERNALLY FOR MUCH OF THIS CENTURY. THE GOVERNMENT WAS, INITIALLY, AHEAD OF PUBLIC OPINION WHICH REACTED IN MIXED FASHION TO THE PROSPECT OF NATIONAL SERVICEMEN BEING THROWN INTO COMBAT. THE GOVERNMENT'S ASSISTANCE TO THE US IN ALLOWING THE LATTER'S FORCES TO DEPLOY THROUG BASES IN SPAIN EN ROUTE TO SAUDI ARABIA WAS GENEROUS AND IMMEDIATE, AND HAS BEEN GREATLY APPRECIATED BY THE US GOVERNMENT, AS PRESIDENT BUSH HISSELF TOLD GONZALEZ IN WASHINGTON LAST MONTH. BUT THE SPANIARDS PLACE IMPORTANCE ON THE WEU UMBRELLA. FURTHERMORE, DESPITE FIRM ADHERENCE TO ALL UNSCR'S, SPAIN WOULD ACCEPT THE MILITARY OPTION ONLY WITH RELUCTANCE, ESPECIALLY AS THEY NO LONGER HAVE NATIONALS IN IRAQ/KUWAIT TO PROTECT, AND ONLY ON THE BASIS OF A FURTHER UNSCR. THEIR CURRENT POSITION MAKES THEM SUSCEPTIBLE TO SIREN VOICES FOR A NEGOTIATED SETTLEMENT.

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Foreign and Commonwealth Office

London SW1A 2AH

25 October 1990

R. H. T. Gozney
am 26/10

Dear Charles,

European Council, Rome: December 1990

The Italians proposed earlier this year that the European Council should take place on 14/15 December, preceded by the openings of the Inter-Governmental Conferences on EMU (13 December) and Institutional Reform (morning of 14 December).

The Italians have now proposed a different order, with the European Council taking place on one day, all day on 14 December, sandwiched by the opening of the EMU IGC on the afternoon of 13 December and the opening of the Political Union IGC on the morning of 15 December. We understand that Signor Andreotti wishes to chair all three meetings, and is likely to invite other Heads of Government to attend the IGC openings as well as the European Council.

We understand that the Prime Minister would be free to attend the European Council on 14 December. If the change of plan is mentioned this weekend, you might confirm that the new timing of the European Council presents no difficulties. But we see no reason why Heads of Government need attend the IGC openings, at which Finance and Foreign Ministers, respectively, will be present. If the subject is raised this weekend, you might take a questioning line. The SEA IGC in 1985 provides no precedent for the involvement of Heads of Government. The Italian proposal would mean Heads of Government being in Rome for two full days. The Prime Minister would presumably not want to reach Rome before the evening of 13 December, following Questions. We have not yet had a chance to sound out other member states. We could do so in the light of any discussion over the weekend.

I am sending copies of this letter to John Gieve (HM Treasury) and Sonia Phippard (Cabinet Office).

Yours ever,
R. H. T. Gozney
(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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FOLLOWING FROM WED
EUROPEAN COUNCIL: ROME: 27/28 OCTOBER: SECRETARY OF STATE'S
BILATERAL WITH DE MICHELIS ON 25 OCTOBER

SUMMARY

1. DE MICHELIS AGREES ON NEED FOR TOUGH STATEMENT ON GULF AND NO SPECIFIC AID PLEDGE FOR SOVIET UNION (THOUGH WORRIED ABOUT WINTER DIFFICULTIES). THE SECRETARY OF STATE STRESSES NEED FOR COUNCIL TO DISCUSS GATT (UNLESS AGREEMENT ON 26 OCTOBER): DE MICHELIS SUGGESTS LETTING COMMISSION NEGOTIATE WITHOUT POLITICAL MANDATE.

DETAIL

2. THE SECRETARY OF STATE HAD FORTY MINUTES' TALKS WITH DE MICHELIS THIS AFTERNOON. HE WAS IN LONDON FOR THE ITALIAN STATE VISIT. HE OUTLINED HIS VIEWS ON THE MAIN SUBJECTS FOR DISCUSSION AT THE SPECIAL COUNCIL.

GULF

3. DE MICHELIS STRESSED HIS CONCERN TO KEEP THE TWELVE TOGETHER AND HIS WISH TO START THINKING ABOUT POST-CRISIS POLICY. THE SECRETARY OF STATE AGREED THAT OUR REMAINING CLEAR AND FIRM ON THE UN SECURITY COUNCIL RESOLUTIONS WOULD HELP AVOID CONFLICT. THE SECRETARY OF STATE CAUTIONED READING TOO MUCH INTO RECENT SAUDI REMARKS: HE SAW NO SERIOUS ARAB TENDENCY TO ABANDON ANY PART OF KUWAITI TERRITORY. WE WOULD NEED TO CONSIDER OUR POLICY IF IRAQ WITHDREW BUT RETAINED ITS PRESENT DANGEROUS CAPABILITIES, BUT THIS WAS NOT NECESSARILY FOR ROME.

4. DE MICHELIS SAID THAT HE WOULD SUPPORT A TOUGH, CLEAR-CUT DECLARATION FROM THE ROME COUNCIL. HE STRESSED THE NEED FOR COMMON FIRMNESS ON HOSTAGES AND WANTED TO DISCOURAGE PARTNERS FROM SENDING EMISSARIES. ON POLITICAL ASPECTS, WE SHOULD DRAW ON PAST STATEMENTS, AVOIDING NEW LANGUAGE.

SOVIET UNION

5. DE MICHELIS THOUGHT DISCUSSION OF THE SOVIET UNION, EASTERN EUROPE AND CSCE WOULD BE EASY. THE TWELVE COULD SAY THAT THEY WERE LOOKING CAREFULLY AT THE SOVIET SITUATION AND WOULD TRY TO

CONTRIBUTE TO POSITIVE DEVELOPMENTS, WITHOUT GOING INTO SPECIFICS. THE SECRETARY OF STATE AGREED. ON BILATERAL RELATIONS WITH THE SOVIET UNION, DE MICHELIS SAID THAT THE ITALIAN PARLIAMENT WOULD SOON APPROVE SHORT-TERM LOANS OF 2,200 BILLION LIRA. ITALY WOULD EXTEND EXPORT INSURANCE OF 1,000 BILLION LIRA P.A. FOR THE NEXT FOUR YEARS. VICE-FOREIGN MINISTER VITALONE WOULD VISIT MOSCOW ON 12 NOVEMBER TO NEGOTIATE A TREATY ON THE MODEL OF THE FRANCO-SOVIET TREATY (DUMAS HAD CHANGED HIS MIND AND NOW WANTED SUCH A TREATY). THE ITALIANS HAD NOT BEEN KEEN ON A TREATY, BUT THE RUSSIANS WERE. THEY WOULD AVOID OLD-STYLE LANGUAGE. GORBACHEV WOULD VISIT ROME AFTER THE CSCE SUMMIT OR EARLY IN DECEMBER TO SIGN THE TREATY.

6. DE MICHELIS SAID THAT THE RUSSIANS DESPERATELY NEEDED SHORT-TERM MONEY TO GET OVER THE COMING WINTER. THE SECRETARY OF STATE QUOTED DELORS' VIEWS (MY TELNO 318 TO UKREP BRUSSELS) ON THE IMPROVING SOVIET BALANCE OF PAYMENTS BECAUSE OF THE OIL PRICE RISES. DE MICHELIS SAID THAT THE MONEY MIGHT NOT COME THOUGH IN TIME. THE FINNISH FOREIGN MINISTER HAD POINTED OUT TO HIM THE ADVANTAGES OF USING FINNISH RAILWAYS TO SEND SUPPLIES DEEP INTO THE SOVIET UNION, RATHER THAN RISK THEIR MISAPPROPRIATION IN LENINGRAD AND OTHER PORTS.

IGCS

7. DE MICHELIS FORESAW NO DIFFICULTY IN ROUND TABLE DISCUSSION OF POLITICAL UNION IN ROME: HEADS OF STATE WOULD GIVE THEIR FIRST REACTIONS. ON EMU, THE SECRETARY OF STATE SAID THAT HE SAW SOME ADVANTAGE IN A FURTHER MEETING OF FINANCE MINISTERS. IT WOULD BE A MISTAKE NOW OR AT THE DECEMBER COUNCIL TO IMPOSE A MANDATE ON TOP OF THE CARLI REPORT. DE MICHELIS SAID THAT NOBODY WANTED A MANDATE. IN VIEW OF KOHL'S RECENT COMMITMENT, IT MIGHT BE POSSIBLE TO TAKE ACCOUNT OF A BROAD CONVERGENCE ON FIXING A STARTING DATE FOR STAGE 2. THERE WAS MORE OR LESS AGREEMENT ON CONDITIONS FOR PASSING TO STAGE 2. BUT HE RECOGNISED THAT THERE WERE LIMITS BEYOND WHICH BRITAIN WOULD NOT BE PUSHED: BRITAIN HAD A DIFFERENT PHILOSOPHY ON A SINGLE CURRENCY. BRITAIN HAD BEEN SUCCESSFUL IN GETTING HER VOICE HEARD OVER RECENT MONTHS: THE CHANCELLOR'S HARD ECU PROPOSALS HAD BEEN TAKEN INTO ACCOUNT.

GATT

8. THE SECRETARY OF STATE SAID THAT ANDREOTTI'S LETTER ON THE AGENDA FOR THE COUNCIL MADE NO REFERENCE TO GATT. HE EXPECTED THE PRIME MINISTER TO REPLY SAYING THAT SHE HOPED THIS WOULD BE SETTLED TOMORROW BUT THAT, IF NOT, IT MUST BE DISCUSSED IN ROME.

9. DE MICHELIS SPOKE OF THE PRESIDENCY'S DELICATE POSITION, GIVEN GERMAN REQUESTS TO AVOID CAUSING THEM PROBLEMS BEFORE THE

DECEMBER ELECTIONS. HE THOUGHT WE SHOULD TRY TO FIND A WAY TO GIVE THE COMMISSION FREEDOM OF MANOEUVRE: FORMALLY, THEY DID NOT REQUIRE COUNCIL APPROVAL TO NEGOTIATE. THE FRENCH AND DELORS WERE READY TO GO ALONG WITH THIS: THE OUTCOME COULD BE TO HAVE THE RESULTS OF NEGOTIATIONS ON THE TABLE SHOWING BOTH ADVANTAGES AND COSTS FOR ALL PARTICIPANTS. TRYING TO FORCE THE GERMANS TOO FAR NOW COULD LEAD TO EUROPE'S COLLAPSE. HE HAD MADE NO HEADWAY WITH GENSCHER. THE FRENCH WERE MORE READY FOR COMPROMISE. HE WAS READY TO CONVENE A NEW GENERAL AFFAIRS COUNCIL AFTER THE SUMMIT. THE SECRETARY OF STATE SAID THAT WE MUST KEEP UP THE PRESSURE ON THE GERMANS. IF THE COMMISSION WERE TO NEGOTIATE ON ITS OWN AUTHORITY, IT WOULD LACK CREDIBILITY WITH OTHER GATT PARTNERS. DE MICHELIS UNDERLINED HIS GENERAL CONCERN TO AVOID SPLITS WITHIN EUROPE OVER GATT, THE GULF, OR OTHER ISSUES.
10. BRIEF DISCUSSION OF SYRIA AND LIBYA IS REPORTED SEPARATELY (NOT TO ALL).

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Foreign and Commonwealth Office

London SW1A 2AH

24 October 1990

Ms. Patricia Parkin
No.10 Downing Street

Eric Thimble

*A very feeble
reply from M. Delors:
it lists the meetings
but NOT what happened*

Dear Patricia,

CORRESPONDENCE BETWEEN THE PRIME MINISTER AND M. DELORS

at 11m.

1. As I mentioned to you on the telephone, we have heard that the Commission may be briefing the press about the letter from M. Delors to the Prime Minister which we sent over to you earlier this evening. If so, the news may break here or in Brussels later tonight or tomorrow morning.

*edm
25/10*

--- 2. As agreed, I therefore enclose a suggested line to take with the press. I should be grateful if you could pass this to your press office.

3. We are briefing Mr Waldegrave, the FCO Minister who attended the key European Community meeting on 7 September, since he will - by chance - be on the Today programme tomorrow morning.

--- 4. I enclose a copy of the Prime Minister's letter to which M. Delors is replying.

Yours ever,

Michael Jay

M H Jay

COMMISSION
OF THE
EUROPEAN COMMUNITIES

1049 BRUSSELS

The Hon

The Hon Minister

Thank you for your letter of 10 October about financial assistance for the countries most immediately affected by the Gulf Crisis (Turkey, Egypt and Jordan).

I attach a full list of all the meetings which prepared this decision. This shows that despite the urgency of the situation and the pressures from our international partners for action, the process was long, thorough and correct. However, it was also complex, as it involved both Political Cooperation and the standard Community procedures.

At the moment a decision of this kind has to involve both these sets of procedures, and it is precisely because the resulting complexity can result in a lack of transparency that I consider that the second intergovernmental conference should result in uniting the two.

Sincerely yours.

J. Delors
Jacques DELORS

The Rt Hon
Mrs Margaret Thatcher, MP, FRS
Prime Minister
10 Downing Street
London SW1A 2AA

Financial aid for countries particularly affected by the
Gulf crisis

21 August

Meeting of Ministers on Political Cooperation in Paris. Positive welcome for the Commission's intention to make financial proposals in favour of countries particularly affected by the Gulf crisis. From 31 August the Commission launched consultations with the International Monetary Fund, the World Bank and the US Department of Treasury.

5 September

The Commission presented a working document "The Community and the Gulf crisis". We indicated the three potential beneficiary countries (Turkey, Egypt, Jordan) without setting out in detail the amount of the aid nor the division between the beneficiaries.

6 September

Meeting of COREPER. No delegation contested the necessity for some financial assistance to the countries which were particularly affected by the crisis.

7 September

Extraordinary meeting of Ministers for Political Cooperation at Rome on the basis of the working document of the Commission. The Ministers declared

"The Community and its Member States have taken a decision on the principle of extending such short-term financial assistance to these three countries. This assistance will take place in the framework of concerted action with other industrialised countries as well as with the countries of the region. The General Affairs Council will take appropriate decisions at its forthcoming meeting on the basis of Commission proposals and the results of consultations with third countries".

8 September

The Ministers of Economy and Finance at their informal meeting in Rome were informed of the situation and the position taken by their colleagues in Political Cooperation.

12 September

Meeting of COREPER. First discussion on the Commission's communication which set out the amount of the international financial assistance, the division of the charge between the contributing countries (2/3 for the Gulf countries exporting petrol, 1/3 for OECD countries, of which 2/3

would be for the Community and its Member States) and the procedures for coordination. It also set out some of the working details of the proposed Community contribution (1.5 billion ECUS, of which 750 million ECUS would be on the Community budget and 750 million ECUS in the form of voluntary national contributions, taking account in particular of the military expenses undertaken by certain Member States) and the budgetary implications.

13 September

Meeting of COREPER for further discussion.

17 September

Meeting of the Council (General Affairs). Declaration confirming the willingness to provide short term assistance in favour of countries particularly affected by the crisis.

20 September

Meeting of COREPER. Discussion on the proposed regulation presented by the Commission concerning the implementation of the financial assistance. Question submitted to Foreign Affairs Ministers in the margin of the United Nations meeting in New York.

26 September

Meeting of COREPER. New exchange of views on the Commission's proposal with a view to the political decision.

1 October

Political decision by Ministers of Foreign Affairs at New York foreseeing a financial assistance of 500 million ECUS, mainly in the form of gifts and to be imputed to the budget. 1 billion ECUS to be paid by Member States in the form of voluntary contributions.

3 October

Meeting of COREPER. An amended proposal was dealt with at this session, taking account of the changes made by the Foreign Affairs Ministers in New York. There was a Greek reserve on the division of the aid between the three beneficiary countries and a British reserve on Article 2 relating to the figure of 500 million ECUS "mainly in the form of aid and for the rest in the form of loans to be attributed to the 1991 budget". This British reserve was lifted at the COREPER meeting on 4 October.

PRIME MINISTER'S CORRESPONDENCE WITH M. DELORS

Line to Take

1. The necessary legal and financial procedures must be followed before the Community takes decisions. The Community is based on law. That was the point of the Prime Minister's letter.

2. Had it not been for the vigilance of Mr Waldegrave, Ministers on 7 September would have agreed an aid package of over £1,000 m. without proper preparation.

3. However good or urgent the case, that is not the way to proceed.



10 DOWNING STREET - -

LONDON SW1A 2AA

10 October 1990

THE PRIME MINISTER

Dear Mr. Debor

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I know that John Major is writing to Mr. Christophersen to express his unhappiness at the way in which discussion within the European Community of economic assistance to Turkey, Egypt and Jordan was handled. I should like to add my voice.

This was the second occasion, the other being the discussion of assistance to the Soviet Union at the Dublin European Council in June, when attempts have been made to bounce member states into decisions with very major financial implications, without proper preparation or working papers.

In Dublin an attempt was made to commit us to provide assistance to the Soviet Union on the basis of a discussion after dinner, with no figures, no assessment of where the money would come from or how it should be administered. It was only on my insistence that the Commission was asked, as a first step, to conduct a proper study of Soviet needs and the options for how the Community could help most effectively.

In the case of Turkey, Egypt and Jordan, an attempt was made in early September to take decisions without Commission proposals or any indication of how the sums involved could be accommodated within the EC budget or the financial perspectives. While I understand the political importance and urgency of the issue, the proposals themselves were for aid from the 1991 budget, not the 1990 budget: there was time for the correct procedures to be followed.

I realise that the conduct of Councils is a matter for the Presidency rather than the Commission. But may I say very firmly that the United Kingdom is not and will not be prepared to take decisions on issues involving major expenditure unless proper procedures are followed. I would hope the Commission would share that view and would join us in future in protesting vigorously at any future attempts to by-pass the established rules and procedures. We are simply not prepared to do business that way.

Yours sincerely

Raymond Thatcher

Monsieur Jacques Delors

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FM BONN

TO IMMEDIATE FCO

TELNO 1357

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GERMAN POLITICAL SCENE ON EVE OF INFORMAL EUROPEAN COUNCIL

SUMMARY

1. STATE OF THE PARTIES, WITH UNDER FIVE WEEKS UNTIL THE GENERAL ELECTION. PRESENT COALITION STRONGLY PLACED. DOMESTIC PREOCCUPATIONS ARISING FROM UNIFICATION ARE TO THE FORE. GULF STILL NOT AT CENTRE OF GERMAN ATTENTION.

DETAIL

2. KOHL IS NOW RIDING HIGHER THAN EVER, WITHIN HIS PARTY AND IN THE COUNTRY. THE SUCCESS OF THE CDU/CSU AND FDP IN THE RECENT LAENDER ELECTIONS (MY TELNO 1312) HAS ALL BUT CLOSED OFF ANY CHANCE OF A SIGNIFICANT SPD RECOVERY BEFORE THE BUNDESTAG ELECTION ON 2 DECEMBER. THE SPD'S CAMPAIGN SO FAR IS WEAK AND DIVIDED. THEY HAVE TOTALLY MISJUDGED THE STRENGTH OF PUBLIC SUPPORT FOR UNIFICATION. THAT HAS ALLOWED THE GOVERNMENT TO SEIZE AND HOLD THE INITIATIVE. THE SPD'S RECENT ATTEMPTS TO REFOCUS THE DEBATE ON TO SOCIAL AND ENVIRONMENTAL ISSUES HAVE SO FAR NOT RECOUPED ANY PUBLIC SUPPORT, AND THEY ARE NOW RUNNING OUT OF TIME.

3. THE ONLY REAL QUESTION IS HOW BIG THE CDU/CSU'S MARGIN OVER THE SPD WILL BE: THE LATEST POLLS PUT IT AT 14% (45%-31%), WITH KOHL'S OWN POPULARITY FOR THE FIRST TIME RUNNING AHEAD OF THE CDU/CSU FIGURE. THE CDU/CSU ARE TRYING TO TALK DOWN THE IDEA THAT THEY COULD WIN AN ABSOLUTE MAJORITY, WHICH WOULD ALLOW THEM TO GOVERN WITHOUT THE FDP, FOR FEAR OF ALIENATING VOTERS AND CAUSING COMPLACENCY AMONG THEIR OWN SUPPORTERS. BUT THERE IS JUST AN OUTSIDE CHANCE THAT KOHL MAY ACHIEVE AN OVERALL MAJORITY. IT HAS HAPPENED ONLY ONCE BEFORE. BY FAR THE MOST LIKELY RESULT, HOWEVER, IS THAT THE CDU/CSU WILL FALL SHORT OF AN OVERALL MAJORITY, BUT WITH THE FDP WILL HAVE A COMFORTABLE ONE, SO THAT KOHL AND GENSCHER AND THE PRESENT COALITION WOULD CONTINUE IN OFFICE.

4. GENSCHER REMAINS GERMANY'S MOST POPULAR POLITICIAN. HIS PROMINENT ROLE IN UNIFICATION HAS BENEFITTED THE FDP. THEY HOPE TO BREAK

THROUGH INTO DOUBLE FIGURES ON 2 DECEMBER (THEY GOT 9.1% IN 1987). THE FDP HAVE PUBLICLY COMMITTED THEMSELVES TO CONTINUING THE COALITION WITH THE CDU/CSU, BUT AT THE SAME TIME ARE TRYING TO PICK UP VOTES BY PLAYING UP SPECIFIC POPULAR THEMES OF THEIR OWN. THEY HAVE, FOR EXAMPLE, CALLED FOR A FURTHER REDUCTION IN THE CONSCRIPTION PERIOD TO NINE MONTHS: THEY ARE PROMISING NEW LIBERAL PROPOSALS ON ABORTION: THEY ARE CALLING FOR LOWER TAXES THROUGHOUT THE FORMER GDR: AND THEY OPPOSE THE EUROPEAN FIGHTER AIRCRAFT.

5. SUPPORT FOR MORE RADICAL PARTIES IS FAIRLY STATIC. THE GREENS, AT AROUND 6-7% IN THE POLLS, STAND LOWER THAN IN THE 1987 ELECTION BUT WILL GET COMFORTABLY INTO THE BUNDESTAG. THE NEO-COMMUNIST PDS ARE EMBROILED IN A SCANDAL OVER WHAT APPEARS TO BE AN ATTEMPT TO LAUNDER UNDECLARED ASSETS WORTH DM200 MILLION. THE POLLS GIVE THEM ONLY SOME 2% OF THE VOTE IN GERMANY AS A WHOLE, BUT THEY SEEM CERTAIN TO GET COMFORTABLY THE 5% THEY NEED IN THE FORMER GDR IN ORDER TO QUALIFY FOR ENTRY INTO THE NEW BUNDESTAG. RIGHT-WING EXTREMISTS HAVE NO HOPE OF ELECTION, WITH RESULTS IN THE OPINION POLLS AT AROUND 1%.

6. THE COALITION'S ACHIEVEMENT IN BRINGING ABOUT UNIFICATION WITHOUT MAJOR SETBACKS AND WITH INTERNATIONAL APPROVAL IS SO FAR THE ONLY ISSUE IN THE CAMPAIGN. THE MEDIA HEADLINES ALSO FEATURE VARIOUS ISSUES RELATED TO UNIFICATION. THE BIGGEST IS THE ECONOMY OF EAST GERMANY, ITS PROSPECTS AND THE COSTS OF DEVELOPING IT (SEPARATE TELEGRAM FOLLOWS). THERE IS CONTINUING DEBATE ABOUT THE ACTIVITIES OF THE STASI (THE FORMER EAST GERMAN SECRET POLICE) AND MORE REVELATIONS ABOUT STASI AGENTS ARE EXPECTED.

7. AMONG INTERNATIONAL ISSUES, COMMUNITY AFFAIRS AND ESPECIALLY EMU ARE AS ALWAYS AMONG THOSE MOST DISCUSSED. KOHL AND GENSCHER ARE AT PAINS TO HOW THAT THEIR KEENNESS ON EUROPEAN INTEGRATION IS INTENSIFIED, NOT DIMMED, BY GERMAN UNIFICATION. AS FOR THE GULF, INCREASING INTEREST IN THE FATE OF GERMAN HOSTAGES, AND THE QUESTION WHETHER WILLY BRANDT SHOULD VISIT IRAQ, HAS JUST RECENTLY BROUGHT THE SUBJECT INTO THE HEADLINES. BUT, WHILE THE CRISIS AS A WHOLE PREOCCUPIES THE FOREIGN POLICY COMMUNITY, ITS IMPACT ON PUBLIC OPINION HAS SO FAR REMAINED RELATIVELY SMALL. KOHL FREQUENTLY REAFFIRMS GERMAN SUPPORT FOR THE WESTERN POSITION. PUBLIC OPINION SUPPORTS THE FEDERAL GOVERNMENT'S POLICY OF NOT SENDING GERMAN TROOPS.

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FRAME GENERAL

EUROPEAN COUNCIL: ROME: 27/28 OCTOBER 1990 : EC ISSUES

1. IT IS NOW CLEAR THAT THE ITALIAN PRESIDENCY WANT TO CONCENTRATE DISCUSSION AT THE MAIN (SATURDAY) WORKING SESSION ON THE TWO IGCS AND ON THE SOVIET UNION/EASTERN EUROPE, WITH THE GULF (AND OTHER INTERNATIONAL ISSUES) TACKLED OVER DINNER, AND THE CSCE AND TRANS-ATLANTIC RELATIONS LEFT TO FOREIGN MINISTERS. FOLLOWING THE FAC, DISCUSSION OF GERMAN UNIFICATION IS NO LONGER THOUGHT NECESSARY.

2. THE PROBLEM WITH THIS AGENDA IS THE APPARENT ABSENCE OF ANY PROVISION FOR DISCUSSION OF GATT AGRICULTURE IF THE COUNCIL ON 26 OCTOBER FAILS TO UNBLOCK THE ISSUE. BOTH COMMISSION AND PRESIDENCY FEAR THAT SUCH A DISCUSSION WOULD BE UNPRODUCTIVE, AND A DISTRACTION FROM THE IGC ISSUES. BUT SINCE THE PROBLEM IS KOHL, IT MAKES SENSE TO SEIZE THE CHANCE TO TRY TO SHIFT HIM. MOREOVER, FOR THE COMMUNITY'S LEADERS TO CONCENTRATE ON FUTURE IGC ISSUES AND IGNORE THE BIGGEST CURRENT EC PROBLEM WOULD NEITHER SUIT US NOR BE READILY UNDERSTOOD IN THE WIDER WORLD. I THEREFORE RECOMMEND THAT WE SIGNAL IN ADVANCE THAT WE BELIEVE SUBSTANTIVE SUMMIT DISCUSSION WILL BE ESSENTIAL IF THE 26 OCTOBER COUNCIL FAILS. (A RAPID REPLY ON THESE LINES TO THE ANDREOTTI AGENDA LETTER, WHEN RECEIVED, MIGHT IMPROVE THE PROSPECTS OF SUCCESS ON 26 APRIL, PARTICULARLY IF CIRCULATED TO ALL.)

3. EMU. CARLI'S REPORT ON THE ECOFIN WORK IS REASONABLY OBJECTIVE AND FAIRLY REFLECTS THE UK POSITION. BUT THERE MAY BE PRESSURE FROM THE PRESIDENCY AND THE COMMISSION FOR SUBSTANTIVE CONCLUSIONS WHICH:

(I) DECLARE THAT FULL AND ADEQUATE PREPARATION HAS NOW BEEN COMPLETED (NOT TRUE : SEE CARLI REPORT) :

(II) NOTE CONSENSUS OF ELEVEN ON THE FINAL OBJECTIVE OF A SINGLE CURRENCY AND MONETARY POLICY (TRUE : SEE CARLI REPORT) :

(III) ACCORDINGLY INVITE THE PRESIDENCY TO TABLE OUTLINE PROPOSALS FOR TREATY AMENDMENT BEFORE ROME II IN DECEMBER (THEY WILL, WHETHER INVITED OR NOT) :

(IV) SET 1 JANUARY 1994 AS THE DATE FOR THE START OF STAGE 2.

4. IT PLAINLY MAKES NO SENSE TO CALL FOR COMMITMENT TO A FIRM START-DATE BEFORE DETERMINING STAGE II'S CONTENT. BUT MOST MEMBER STATES (INCLUDING THE DUTCH AND SPANISH) SEEMS READY TO ACCEPT A JANUARY 1994 TARGET (IE NO COMMITMENT) ON THE EXPLICIT ASSUMPTIONS THAT THE DEBATE ON CONTENT WOULD IN THE INTERIM BE SETTLED, AND VARIOUS PRECONDITIONS (EG THOSE PROPOSED BY THE DUTCH) MET. WE WILL PRESUMABLY WISH TO ARGUE FOR HARD ECU/EMF AFTER STAGE I. ON PRESENT FORM IT SEEMS UNLIKELY THAT WE SHALL BE PRESSED ON (II).

5. ON POLITICAL UNION, THE PAPER BY SPECIAL REPRESENTATIVES, FORWARDED BY THE FAC, IS LITTLE MORE THAN A LIST OF IDEAS SUGGESTED BY MEMBER STATES (OURS ARE ALL IN). SOME ARE QUITE UNREALISTIC FOR AN 'SEA BIS'. BUT, UNLIKE THE EUROPEAN PARLIAMENT, ALL - AND THE COMMISSION - IN FACT ACKNOWLEDGE THAT AN 'SEA BIS' IS ALL THAT IS AFOOT, AND THAT THE IGC - UNLIKE THE EMU ONE - WILL NOT BE WORKING ON THE 'FINAL STAGES' OF UNION : JUST ON ONE STEP, PRIMARILY DESIGNED TO PROMOTE EFFICIENCY. (SOME MEMBER STATES OF COURSE EITHER GENUINELY WANT THE NEXT STEP TO BE A LARGE ONE, OR WISH TO HAVE IT BOTH WAYS, ARGUING FOR A LARGE ONE WHILE RELYING ON OTHERS (EG THE UK) TO ENSURE IT STAYS SMALL).

6. THE KEY ISSUES FOR DISCUSSION IN ROME ARE LIKELY TO BE THE FOREIGN POLICY DIMENSION : THE QUESTIONS OF COMPETENCE, QM VOTING, AND SUBSIDIARITY : AND 'DEMOCRATIC LEGITIMACY' - WHICH FOR MOST MEANS MORE EP POWER, THOUGH THE IMPORTANCE OF THE ROLE OF NATIONAL PARLIAMENTS IS NOW MORE WIDELY ACKNOWLEDGED. NONE OF THESE ARE RIPE FOR DECISIONS : A UK PRESCRIPTION FOR FURTHER ANALYSIS SHOULD HAVE CONSIDERABLE SUPPORT (AS THE FAC DEBATE SHOWED), AND IT IS CONVENIENT THAT THE COMMISSION'S (UNHELPFUL) PAPER WAS TABLED ONLY AFTER THE FAC. THE PRESIDENCY MAY NEVERTHELESS SEEK A MANDATE TO DRAFT AN IGC MANDATE, (FOR WHICH THERE IS NO CONSTITUTIONAL REQUIREMENT), AND WE SHALL NEED TO WATCH OUT FOR DRAFT CONCLUSIONS LANGUAGE COMMITTING THE DECEMBER

EUROPEAN COUNCIL TO ADOPT ONE.

7. SOVIET UNION. THE DUBLIN DEBATE ON IMMEDIATE BALANCE OF PAYMENTS SUPPORT FOR MOSCOW WILL NOT, ON PRESENT FORM, BE SERIOUSLY RENEWED THIS WEEKEND : CERTAINLY THE COMMISSION ARE NOT READY TO RETURN TO THE CHARGE, THOUGH THEY MAY IN DECEMBER. WE SHALL PRESUMABLY WISH TO ENCOURAGE THEM TOWARDS SELECTIVE HELP, PARTICULARLY IN THE ENERGY SECTOR, WITH THE FOCUS ON TECHNICAL ASSISTANCE, OPENING UP OPPORTUNITIES FOR WESTERN PRIVATE SECTOR INVESTMENT, AND EXPANSION OF COOPERATION UNDER THE EXISTING COMMUNITY/SOVIET UNION AGREEMENT (ON WHICH PRESIDENT MITTERRAND MAY SURFACE IDEAS, PERHAPS ALSO SUGGESTING AN EC/SOVIET 'DECLARATION' TO FOLLOW THE EC/US AND EC/CANADA TEXTS.)

8. THE CASE FOR BALANCE OF PAYMENTS SUPPORT FOR THE EASTERN EUROPEANS, HARD HIT BY THE OIL PRICE RISE WHICH HAS EASED SOVIET PROBLEMS, WILL HOWEVER BE RAISED. THE COMMISSION WILL PROBABLY ARGUE FOR A NEW FINANCIAL FACILITY, SEPARATE FROM THE IFIS, WITH A LARGE COMPONENT OF EC MONEY, AND PERHAPS G24-SUPERVISED. WE SHOULD NOT BE ALONE IN ARGUING FOR THE IMF ROUTE, BUT THE US VOLTE-FACE OVER A G24 ROLE IS NOT HELPFUL.

9. ON THE SEATS OF THE INSTITUTIONS, NO-ONE (INCLUDING DE MICHELIS, ERSBOELL AND WILLIAMSON) SEEMS CLEAR ABOUT ANDREOTTI'S INTENTIONS. ALL THE INDICATIONS ARE THAT HIS PROPOSED PACKAGE HAS NOT BEEN SUCCESSFULLY PRE-SOLD IN BILATERAL CONTACTS: IF HE TABLES IT UNAMENDED FAILURE SEEMS CERTAIN.

10. FINALLY, IT SEEMS UNLIKELY THAT MITSOTAKIS WILL LET THE EUROPEAN COUNCIL PASS WITHOUT REVERTING TO THE ISSUE OF EMERGENCY EC FINANCIAL ASSISTANCE FOR GREECE. HE WILL PRESUMABLY POINT OUT THAT HIS PROBLEMS ARE WORSENERD BY THE GULF CRISIS. PLAINLY ANY BILL PRESENTED IN ROME SHOULD BE DIVERTED TO THE MONETARY COMMITTEE, BUT IT MIGHT BE WORTH DRAWING A DISCREET LINK WITH THE NEED FOR GREECE TO LIFT ITS BLOCK ON PAYMENTS TO TURKEY UNDER THE FOURTH FINANCIAL PROTOCOL : A TACTFUL WAY OF DOING SO MIGHT BE TO NOTE MITSOTAKIS' AGREEMENT TO EC EMERGENCY AID TO EGYPT/JORDAN/TURKEY. (POPOULIAS APPEARED TO HINT AT THE FAC THAT A SHIFT IN GREEK POLICY ON THE PROTOCOL WAS ON THE CARDS.)

11. CONCLUSION. APART FROM GATT, THE MOST CONTENTIOUS ISSUES ARE THE IGC ONES. WE SHALL OBVIOUSLY WISH TO DIRECT ATTENTION TO EXTERNAL ISSUES. BUT WE CANNOT ARGUE THAT THERE IS NOTHING ON THE IGCS THAT NEED BE DISCUSSED, FOR POLITICAL UNION PREPARATIONS

This is what Attali feared

(BEGUN AFTER DUBLIN I) ARE MILES BEHIND EMU PREPARATIONS (BEGUN AFTER HANOVER : JUNE 1988), AND ON MONETARY UNION THE UNRESOLVED ISSUES ARE THE BIG ONES. THE FACT HOWEVER IS THAT THERE IS NO OPERATIONAL REQUIREMENT FOR DECISIONS THIS WEEKEND : ON THE CONTRARY, THE NEED IS FOR MORE FAC/ECOFIN WORK. THOUGH LUXEMBOURG AND THE NETHERLANDS (THE 1991 PRESIDENCIES WHO WOULD HAVE TO PICK UP THE BITS) ARE LIKELY TO TRY TO RESTRAIN THEM, THE RISK IS THAT THE ITALIAN PRESIDENCY NEVERTHELESS RUSH THEIR FENCES.

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FRAME GENERAL

SUMMARY

1. IN HIS TRADITIONAL PRE-EUROPEAN PRESS CONFERENCE IN STRASBOURG ON 24 OCTOBER, DELORS SAID THAT THE DECEMBER EUROPEAN COUNCIL, RATHER THAN THIS WEEKEND'S, SHOULD AIM TO SET A DATE FOR MOVING TO EMU STATE 2: AND THAT DISCUSSION IN ROME ON GATT AGRICULTURE WOULD BE UNDESIRABLE.

DETAIL

2. DELORS SAID THE EUROPEAN COUNCIL ON 27-28 OCTOBER WOULD DISCUSS THE GULF, EASTERN AND CENTRAL EUROPE, HIS ORAL REPORT ON THE SOVIET UNION, THE PREPARATION OF THE IGCS AND SITES. HE DID NOT FAVOUR A MAJOR DEBATE ON EMU, ON WHICH 'EVERYTHING HAD BEEN SAID'. HE WANTED A 2-HOUR DISCUSSION ON POLITICAL UNION, WHERE PREPARATION WAS LESS FAR ADVANCED.

3. IN RESPONSE TO PERSISTENT QUESTIONS ON EMU, DELORS SAID THAT THE SECOND ROME EUROPEAN COUNCIL SHOULD AIM TO SET A DATE AND OBJECTIVE CRITERIA (EG NATIONAL LEGISLATION BANNING MONETARY FINANCING OF BUDGET DEFICITS) FOR THE PASSAGE TO STAGE 2. BUT HE WOULD OPPOSE SETTING SUBJECTIVE CRITERIA WHICH WOULD REQUIRE A FURTHER COUNCIL DECISION. THIS WOULD GIVE MEMBER STATES A VETO. (COMMENT: THE IMPLICATION WAS THAT DELORS WOULD ALSO OPPOSE OBJECTIVE CRITERIA RELATED TO ECONOMIC CONVERGENCE). HE DREW A DISTINCTION BETWEEN A 2-SPEED EUROPE WHERE, EG, TWO COUNTRIES REFUSED TO SIGN A NEW TREATY, AND ARRANGEMENTS ALLOWING ALL COUNTRIES TO SIGN BUT PROVIDING FOR TRANSITIONAL PERIODS, AS SOME COUNTRIES HAD ON THE LIBERALISATION OF CAPITAL MOVEMENTS. ALL COUNTRIES WOULD HAVE TO MOVE TO STAGE 2 AT THE SAME TIME. TRANSITIONAL ARRANGEMENTS COULD ONLY APPLY FOR THE MOVE TO STAGE 3. ASKED MORE THAN ONCE HOW HIS SCENARIO WOULD WORK IN THE LIGHT OF THE BRITISH GOVERNMENT'S POSITION, DELORS WAS EVASIVE, REFUSING TO SAY CLEARLY WHETHER THE COMMUNITY COULD TAKE DECISIONS IN THIS FIELD ON ANY BASIS OTHER THAN UNANIMITY. HE

INDICATED HE WANTED TO AVOID ''DRAMA'' BROUGHT ABAOUT BY DISCUSSING EMU THIS WEEKEND.

4. ON GATT AGRICULTURE, HE SAID THAT DISCUSSION IN ROME WOULD BE ''DISASTROUS''. THE EUROPEAN COUNCIL MUST NOT BECOME A COURT OF APPEAL. THE DECISION, UNDER ARTICLE 113, COULD BE BY QUALIFIED MAJORITY. THE COMMISSION HAD DISCUSSED THAT MORNING THE GERMAN QUESTIONNAIRE ASKFING FOR CERTAIN ASSURANCES. THE COMMISSION BELIEVED IT COULD NOW PROVIDE THEM IN GENERAL TERMS, WITH A VIEW TO BRINGING FORWARD SPECIFIC PROPOSALS AFTER THE URUGUAY ROUND NEGOTIATIONS WERE OVER, (SO AGREEMENT COULD BE REACHED ON FRIDAY IN LUXEMBOURG).

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EUROPEAN PARLIAMENT
EUROPEAN DEMOCRATIC GROUP

Chairman

CRBT

23rd October 1990

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The Rt.Hon. Margaret Thatcher FRS MP
Prime Minister
10 Downing Street
London SW1

Prime Minister

*Christopher Pount was
anxious for you to
see this before the*

Dear Prime Minister,

*home meeting. Not all
EDG members - Patricia
Rowlings for me - agree
with him. CRBT 25/7x*

SEAT OF THE EUROPEAN PARLIAMENT

As you know, the European Democratic Group has led the fight for a less costly and more efficient method of operation for the European Parliament. We can only achieve that objective if we can substantially reduce the dispersal of our work.

In May, the French Government demanded that the Heads of Government fix Strasbourg as the seat of the European Parliament. President Mitterand has stated that the French Government require Strasbourg to be the seat for all plenary sessions. The French have threatened to delay agreement on the location of the Community Trademarks Office, the European Environment Agency and the European Training Foundation until their demands regarding Strasbourg are satisfied.

The Court of Justice has confirmed the right of the European Parliament to meet in Brussels. The Parliament itself has already pointed out that it needs additional plenary sessions in Brussels during committee and group meeting weeks. Thus the French Government seek to overrule both the Court of Justice and the European Parliament itself.

If the European Council concede to this blackmail, even in the context of an overall plan presented by Prime Minister Andreotti, the present waste of resources will be perpetuated. Furthermore, it would flatly contradict the European Parliament's own assessment of its needs. I attach a copy of the Parliament's resolution of 18th January 1989, which it reaffirmed on 5th April 1990. That resolution points out the Parliament's need "to reduce the current dispersal of its work and staff".

The European Parliament needs to be in Brussels in order to co-operate with the Council, supervise the work of the Commission, liaise with the diplomatic corps and use the press to inform the public about its activities. Furthermore, only the Parliament itself can judge its precise requirements.

If the Heads of Government agree to perpetuate the travelling circus of a Parliament divided between three sites hundreds of kilometers apart, they will deny us the effectiveness which is essential to our work and waste millions of pounds, krone, deutschmarks, and even lira, of taxpayers' money.

We strongly urge you to support our position at the European Council meeting.

*With best wishes,
Yours ever,
Christopher*

CHRISTOPHER PROUT

Enc.

Wednesday, 18 January 1989

2. Calls on the Commission to amend its proposal accordingly, pursuant to Article 149(3) of the EEC Treaty;
3. Calls on the Council to incorporate Parliament's amendments in the common position that it adopts in accordance with Article 149(2)(a) of the EEC Treaty;
4. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
5. Instructs its President to forward this opinion to the Council and Commission.



12. Seat of the Institutions

— Doc. A2-316/88

RESOLUTION

on the seat of the Institutions and the main place of work of the European Parliament

The European Parliament.

- having regard to the following motions for resolutions:
 - by Lord Douro on new building in Brussels (Doc. 2-391/84),
 - by Mr Wijsenbeek on the seat of the European Parliament (Doc. 2-1026/84),
 - by Mr Van Miert on a permanent seat of the European Parliament (Doc. 2-1655/84),
 - by Mr Howell on the choice of Norwich as a single working place for all Community institutions (Doc. B2-1140/85),
 - by Mrs Dury and others on a policy for European Parliament facilities in Brussels (Doc. B2-1277/85),
- having regard to the report of the Political Affairs Committee and to the opinion of the Committee on Legal Affairs and Citizens' Rights (Doc. A2-316/88),
- A. whereas Articles 77, 216 and 189 respectively of the ECSC, EEC and Euratom Treaties impose upon the governments of the Member States the duty to determine 'the seat of the Institutions of the Community by common accord',
- B. whereas in these Articles the word 'seat' is in the singular, implying a single seat and indicating a need for close contact among the three institutions directly involved in the decision-making process,
- C. whereas for 35 years, since the start of the ECSC in 1952, the governments of the Member States have failed to come to a decision on the seat of the institutions of the Community in accordance with these Articles,
- D. recalling the Parliament's repeated requests since that time to the governments to take action in accordance with these Treaty articles,
- E. noting that the one and only time that the Member States have ever purported to exercise their powers under these Articles, namely in June 1981, it was merely to 'confirm the status quo'.

- F. recalling that the status quo in June 1981, so far as the European Parliament was concerned, was based on its assertion of the right to meet and work where it chose and its exercise of that right,
- G. recalling that on 7 July 1981 ⁽¹⁾, after once again urging the various governments to honour their obligations to fix a single seat for the Community institutions, it decided:
- (a) to hold its plenary sittings in Strasbourg,
 - (b) as a general rule, to hold its committee and political group meetings in Brussels pending a final decision on a single meeting place for the European Parliament,
- H. whereas the Secretariat of the European Parliament was established in Luxembourg in 1952 for the important practical reason that the ECSC Council of Ministers met there and the High Authority of the ECSC was established there, and its plenary sessions were held in Strasbourg for the similarly important practical reason that the Council of Europe's hemicycle there was immediately available for the purpose,
- I. whereas the presence in Strasbourg of the Council of Europe and subsequently the European Parliament, was motivated by historical and political considerations, in particular the city's significance as a symbol of reconciliation,
- J. whereas, in the absence of a decision under the Treaty articles cited above on the seat of the institutions, the present situation is as follows:
- Luxembourg, Brussels and Strasbourg remain the declared provisional places of work of the Community institutions;
 - the Council and the Commission of the European Communities are based in Brussels, although some elections of the Commission's departments are located in Luxembourg;
 - during the months of April, June and October the Council holds its meetings in Luxembourg;
 - the Court of Justice has its provisional place of work in Luxembourg;
 - the General Secretary of the European Parliament is located in Luxembourg;
 - the Economic and Social Committee has its place of work in Brussels, whilst the Court of Auditors and the European Investment Bank are located in Luxembourg;
 - for international purposes, the seat of the Communities is acknowledged as being in Brussels and the representatives of third countries to the Community are located there;
 - representative bodies seeking to maintain contact with, and influence, the Community's decision-making institutions are also located in Brussels,
- K. whereas the European Parliament is the only Community institution and the only Parliament in the Community which is expected to carry out its tasks in three different locations,
- L. whereas direct elections gave the European Parliament and its Members greater responsibility towards public opinion, of which it is the mouthpiece and representative in European Community matters,
- M. recognizing that, in the absence of a single set of buildings in a single centre symbolizing democratic control and popular representation at European Community level, the European electorate finds it difficult to identify with the European Parliament,
- N. noting that the additional legislative workload arising for the Parliament from the operation of the Single European Act, the magnitude of which is only just beginning to be realized, will necessitate substantial changes and additions to the Parliament's work, and concerned that it must not be restricted in carrying out that work,

(1) 'Zagari report', OJ No C 234, 14.9.1981, p. 25.

Wednesday, 18 January 1989

- O. bearing in mind in particular that the new cooperation procedure requires close and continuous contact with both Council and Commission,
- P. noting the particular difficulties arising for Members and staff by the fact that virtually all the committee staff, and also the Directorate-General for Research and Reference Library, are located in Luxembourg, which non-Luxembourg Members rarely, if ever, visit, while the Parliament meets in Strasbourg in plenary session and in Brussels for meetings of the parliamentary committees, political groups, the Bureau, the Enlarged Bureau and the Quaestors and the political groups' staff are in Brussels; and that this makes consultation and coordination cumbersome, slow and irritating, as well as costly,
- Q. recognizing that large numbers of staff members are among those whose lives are disrupted by constant travel and determined that any changes of whatever kind must be carried out in consultation with staff representatives and in such a way as to create the least possible difficulties for staff and to take full account of their legitimate interests,
- R. having regard to the constraints on administrative expenditure up to 31 December 1992 contained in the financial perspective adopted by the European Council on 11-12 February 1988 and repeated in the Interinstitutional Agreement of June 1988, which deprive the Parliament of part of the funds necessary to meet its future commitments and to carry out its expanded workload unless savings are found by reducing the costs occasioned by working in three places,
- S. recalling that, in view of the limited scope of the previous proceedings before the European Court of Justice concerning the Parliament's working places, the legal arguments for the basic right of the Parliament to organise itself in the most efficient way, pending a definitive decision on the seat of the Institutions, have not been pleaded or adjudicated upon by the Court,
- T. aware of the political and material interests of the three Member States directly involved,
- U. recognizing that the most desirable solution would be one in which, having regard to Article 5 of the EEC Treaty, the governments of the Member States could concur,
1. Decides that, in order to carry out the substantial additional tasks assigned to the European Parliament by the Single European Act, combined with those resulting from previous Treaties giving the Parliament legislative, budgetary and supervisory roles, it is necessary to carry out a major reorganization and to reduce the current dispersal of its work and staff between the three working places,
2. Recalls, in particular, that the Single European Act:
- (a) increased the volume of Community legislation and hence the volume to be considered by the European Parliament,
 - (b) enlarged the Parliament's legislative role through the cooperation procedure notably by introducing a second reading,
 - (c) granted a new role to the Parliament in relations with third countries through the assent procedure,
 - (d) set in motion the growth of Community resources and the diversification of its budget, implying an intensification of the Parliament's budgetary role,
 - (e) enhanced the authority of the Commission to make delegated legislation and to exercise discretionary executive powers, thus increasing the scope and scale of Parliament's supervisory role,
 - (f) increased the importance of the Community in the lives of its citizens, making necessary an improved flow of information to them from their elected representatives.

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3. Concludes, on the basis of knowledge and experience of its existing working conditions, that Parliament's increased workload and responsibilities make it essential:
 - (a) to achieve greater continuity and effectiveness in parliamentary action,
 - (b) to improve the contact between Members and the Parliament's staff, and also between Members themselves,
 - (c) to improve interinstitutional contact, particularly with the Commission and the Council,
 - (d) to improve contact with the diplomatic representatives of third countries,
 - (e) to improve access to the international press,
 - (f) to reduce the present inordinate amount of time wasted in travel, and
 - (g) to present to the public the image of an efficient and effective Parliament properly controlling its own organization and activities;
4. Considers that the needs of the Community could best be met by an explicit decision of the governments of the Member States on the seat of the Institutions in accordance with their duty under Articles 77, 216 and 189 of the ECSC, EEC and Euratom treaties respectively,
5. Stresses its repeated calls, over a period of 30 years, notably in its abovementioned resolution of 7 July 1981, for action under these treaty articles and the repeated failure of the governments to take such action;
6. Draws the clear conclusion from this failure and from all the information available that there is no prospect of such action by the governments in the foreseeable future;
7. Resolves in consequence to make more satisfactory arrangements for carrying out its tasks, in accordance with its obligations under Community law and the self-evident right of a Parliament elected by direct universal suffrage;
8. Calls on the governments of the Member States to consult with Parliament and to associate themselves with these necessary decisions, in accordance with their obligations under Article 5 of the EEC Treaty;
9. Instructs its Bureau to make arrangements as soon as possible to enable the Parliament to have available all the staff and infrastructure needed for it to carry out its tasks efficiently and effectively in the places where its plenary sessions and other parliamentary meetings are held, taking account of the considerations set out in paragraphs 2 and 3;
10. Considers in particular that it is indispensable for its proper functioning for the Parliament to have in Brussels the staff dealing with the following activities:
 - committees and delegations,
 - information and public relations,
 - studies and research,as well as
 - other staff whose principal role is to provide services directly to individual Members, and
 - those staff whose supervisory or supporting roles require them to be in the same place as those referred to above;
11. Decides that, in order to carry out its expanded duties effectively, it has become necessary to hold additional and supplementary plenary sessions coinciding with one or more of the weeks devoted to committee or political group meetings;

Wednesday, 18 January 1989

12. Calls upon its Committee on the Rules of Procedure, the Verification of Credentials and Immunities to propose to Parliament an amendment to the Rules, requiring two days' notice, announced on the Monday of a part-session, to be given before Parliament votes on the holding of any additional or supplementary sessions, including the venues of such meetings;
13. Recalls the symbolic importance of Strasbourg in the history of the Community and notes the observations of the Court of Justice concerning the role of Strasbourg, when it upheld the Parliament's defence of Case 358/85;
14. Underlines the strong interest of the Parliament in presenting its full legal arguments and urges its President to use every possible opportunity to do so;
15. While acknowledging the effort made by the city of Strasbourg, affirms the need to improve these working conditions as follows:
 - in Strasbourg, by improving air links in particular, including regular services and the special flights organized by the French Government for MEPs,
 - in Brussels, by placing at the disposal of MEPs premises comparable with those available in Strasbourg;
16. Instructs its President, Secretary-General, Bureau, Enlarged Bureau and Quaestors to take speedily all appropriate steps, including staff consultations, to implement the above, notably by leasing or acquiring new premises and terminating the leases of buildings when they are no longer required;
17. Stresses the urgency of its situation and the need to make the changes foreseen in paragraphs 9, 10 and 11 as soon as facilities become available;
18. Calls upon the governments of the Member States, even if unanimity still cannot be achieved to fix a single seat, to work towards the fulfilment of that obligation by initiating discussions with the Member State most directly involved about ways in which its political and material interests might be satisfactorily taken into account in the context of the Community's future development;
19. Instructs its President to forward this resolution to the Commission and the governments of the Member States.

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to Weston.

Copy: PS.

From: PS

To: PS/No 10

Too late for briefing PM
today. Could you have in your
pocket for the Council?

[Signature]

BILATERAL WITH CHANCELLOR KOHL: SPECIAL EUROPEAN COUNCIL, ROME,
27/28 OCTOBER 1990

It would be helpful if the Prime Minister could briefly mention two Gulf-related issues to Chancellor Kohl in the margins of the informal European Council.

First, German support for our military deployment in the Gulf. The Germans have already agreed to meet some of the rail freight costs for the transport of the 7th Armoured Brigade. German officials have just finished processing our requests for further help with transport costs, spares, protection of lines of communication from terrorist attack and civilian overtime and extra policing at UK bases in Germany. The latest news from Bonn is that Chancellor Kohl may inform the Prime Minister of the German decision this weekend. If it is a positive response covering a number of our requests, the Prime Minister will wish to welcome it. If not, the Prime Minister may wish to urge the Germans to reconsider.

[The Germans are like to offer us help of about \$35 million.] CDD

Secondly, aid to Jordan. The Prime Minister agreed on 18 October that we should encourage Western donors to make aid available urgently to Jordan. Mr Baker has also written to EC Foreign Ministers and the President of the EC Commission urging Partners individually and collectively to release agreed EC aid to Jordan this year rather than in 1991 as originally intended. 1 BECU of the 1.5 BECU EC aid agreed for Egypt, Turkey and Jordan is to be bilateral donations. The early release of the German tranche is what is needed. We shall not be making a contribution to the 1 BECU given our military effort. The Foreign Secretary hopes to raise this on a bilateral basis with Chancellor Kohl and Herr Genscher on 26 October. *In talking heavily to Chancellor Kohl,* The Prime Minister may wish to say that she recognises the generosity of the German aid commitment (DM 3.3 billion) to

* raised with Genscher, not
w. Kohl.

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states affected by the Gulf crisis. She could go on to say that we regard Jordan's economic problems as acute. Jordan is making a genuine effort to implement sanctions. She might therefore urge early disbursement of ~~the~~ German bilateral aid to Jordan.

I am copying this letter to Simon Webb (Ministry of Defence).

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FRAME ECONOMIC

FOLLOWING FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL: 22 OCTOBER 1990
EUROPEAN COUNCIL PREPARATION: EMU

SUMMARY

1. CARLI REPORT ON EMU TO BE SENT FORWARD TO EUROPEAN COUNCIL, WITH DE MICHELIS EMPHASISING ITS 'OPEN' NATURE. PRESIDENCY TO ADVISE EUROPEAN COUNCIL THAT PREPARATORY STAGE COMPLETE, THOUGH ECOFIN WILL CONTINUE WORK IN LEAD UP TO IGC. NEW PRESIDENCY PAPER ON ORGANISATION OF IGC'S RECEIVES COOL RESPONSE FROM LUXEMBOURG AND NETHERLANDS - REMITTED TO COREPER TO PREPARE DECISION BY EUROPEAN COUNCIL.

DETAIL

2. DE MICHELIS (PRESIDENCY) DREW ATTENTION TO CARLI'S REPORT ON ECOFIN DISCUSSIONS ON EMU. THE FOREIGN AFFAIRS COUNCIL'S ROLE WAS TO EXAMINE THE REPORT AND SEND ANY COMMENTS TO THE EUROPEAN COUNCIL. THE REPORT WOULD REMAIN UNCHANGED, AND FOREIGN MINISTERS' COMMENTS WOULD BE INCLUDED IN A COVERING LETTER BY DE MICHELIS. THE ONLY POINT ON WHICH THE PRESIDENCY WOULD BE TAKING A DIFFERENT POSITION FROM THAT IN THE CARLI REPORT WAS ON ORGANISATIONAL QUESTIONS, COVERED IN THE LAST PARAGRAPH OF CARLI'S REPORT, ON WHICH DE MICHELIS CIRCULATED A DRAFT TEXT (COPY IN MIFT). HE NOTED THAT THE CARLI REPORT TOOK FULL ACCOUNT OF THE UK POSITION.

3. DISCUSSION FOCUSED ON THE CONDITIONS FOR MOVING TO STAGE 2, ON WHETHER PREPARATION WAS COMPLETE, AND ON THE PRESIDENCY'S TEXT ON ORGANISATION.

4. GUIGOU (FRANCE) SAID THAT, ON STAGE 2, THE KEY THING WAS TO FIX A DATE AND STICK TO IT, AND FRANCE COULD ACCEPT 1 JANUARY 1994. A DATE FOR STAGE 3 WAS NOT NEEDED, BUT IT MUST BE CLEAR THAT THERE SHOULD BE NO UNREASONABLE DELAY IN MOVING TO STAGE 3. SOLBES (SPAIN)

SAID THAT THE CONDITIONS FOR ENTERING STAGE 2 SHOULD NOT PROVIDE ANY MEMBER STATE WITH A VETO - THIS MEANT THAT MEMBERSHIP OF THE NARROW BAND OF THE ERM SHOULD NOT BE A CONDITION. HE DID FAVOUR A DATE FOR STAGE 3. ADAM-SCHWAETZER (GERMANY) SAID THAT 1 JANUARY 1994 WAS A GOOD BASIS FOR DISCUSSION OF THE MOVEMENT TO STAGE 2. BUT THIS MOVEMENT HAD TO BE MADE BY ALL AT THE SAME TIME, AND COULD NOT THEREFORE BE AUTOMATIC EVEN IF A DATE WAS SET. A FURTHER POLITICAL DECISION WAS NEEDED. EYSKENS (BELGIUM) AND COLLINS (IRELAND) COULD ACCEPT 1994, AND THE LATTER DREW A LINK WITH THE ENTRY INTO FORCE OF THE NEXT STRUCTURAL FUNDS PACKAGE. DEUS PINHEIRO (PORTUGAL) THOUGHT CONTENT MORE IMPORTANT THAN DEADLINES, AND STRESSED THE IMPORTANCE OF MOVING FORWARD AS TWELVE.

5. YOU BEGAN WITH THE GENERAL POINT, APPLICABLE TO BOTH IGC'S, THAT IT IS THE IGC'S THEMSELVES WHICH ARE THE FORA IN WHICH THE REAL WORK IS DONE - OPTIONS SHOULD NOT BE FORECLOSED IN ADVANCE, AND THERE SHOULD BE NO QUESTION OF THE EUROPEAN COUNCIL ESTABLISHING ANY FORM OF MANDATE FOR THE IGC'S. THE CARLI REPORT HAD HELPFULLY RECOGNISED THAT FURTHER WORK IN ECOFIN AND THE MONETARY COMMITTEE WOULD BE NEEDED IN THE LEAD UP TO THE IGC, AND THE EUROPEAN COUNCIL SHOULD ENDORSE THIS.

6. THE EUROPEAN COUNCIL SHOULD NOT BE ASKED TO SET A DATE FOR THE START OF STAGE 2, SINCE CLARITY WAS NEEDED ON THE SUBSTANCE OF STAGE 2 BEFORE DECISIONS COULD BE TAKEN ON WHEN IT SHOULD START.

7. ELLEMAN JENSEN SHARED YOUR VIEW THAT, AS THE STRASBOURG EUROPEAN COUNCIL HAD MADE CLEAR, THE IGC'S SHOULD SET THEIR OWN AGENDAS. HE FAVOURED A SHORT SECOND STAGE. VAN DEN BROEK (NETHERLANDS) DREW ATTENTION TO THE DUTCH COMPROMISE PROPOSAL ON STAGE 2. POOS (LUXEMBOURG) FELT THAT THE PREPARATORY STAGE WAS NOW COMPLETE, BUT NOTED THAT WORK WOULD BE GOING ON IN ADVANCE OF THE IGC ITSELF. PAPOULIAS (GREECE) WAS CONTENT WITH 1994, PROVIDED CLEAR CRITERIA WERE FIXED, BUT CRITICISED THE CARLI REPORT FOR LACK OF ATTENTION TO COHESION.

8. DELORS (PRESIDENT, COMMISSION) ARGUED THAT OBJECTIVES, NOT CONDITIONS, SHOULD BE SET FOR MOVEMENT TO STAGE 2, OTHERWISE INDIVIDUAL MEMBER STATES WOULD BE GIVEN A VETO ON PROGRESS. HE SHARED SOLBES' VIEW THAT, IN PARTICULAR, MEMBERSHIP OF THE NARROW BAND OF THE ERM SHOULD NOT BE A CONDITION. IT WAS IMPORTANT TO REMEMBER THAT ECONOMIC UNION CONSISTED OF MORE THAN BUDGETARY POLICY, AND THAT COHESION WAS ONE ELEMENT IN THIS. HE NOTED THAT ECOFIN MINISTERS HAD NOT YET DISCUSSED INSTITUTIONAL ISSUES, BUT

PARALLEL TREATMENT IN THE TWO IGCS WAS ESSENTIAL. HE UNDERLINED THE IMPORTANCE OF THE UK'S HARD ECU PROPOSAL - THEY COULD HELP ALLOW THE ECU TO TAKE A KEY ROLE IN THE EVOLUTION FROM STAGES 1 TO 3. THE PROPOSALS MIGHT BE A WAY OF BUILDING BRIDGES AND MAKING PROGRESS. IN HIS VIEW THE IGC COULD NOT START WITH A TABULA RASA, OTHERWISE, WHAT WAS THE POINT OF ADEQUATE PREPARATION. THE EUROPEAN COUNCIL MUST IDENTIFY THE OPTIONS TO BE PURSUED IN THE IGC.

9. DE MICHELIS SAID THAT IN THE PRESIDENCY'S VIEW THE PREPARATORY STAGE FOR THE IGC WAS LARGELY COMPLETE- HE INTERPRETED THOSE WHO HAD STRESSED THAT THE IGC SHOULD SET ITS OWN AGENDA AS GIVING A SIGN THAT THE OUTSTANDING ISSUES COULD ONLY BE RESOLVED IN THAT FORUM. AT THIS STAGE, IT WAS NECESSRY TO IDENTIFY AREAS OF COMMON GROUND, AND UNRESOLVED QUESTIONS. THE CARLI REPORT PROVIDED A USEFUL BASIS FOR THE EUROPEAN COUNCIL TO DO ITS JOB, AND HE HIMSELF WOULD EMPHASISE TO ANDREOTTI THE OPEN NATURE OF THE CARLI REPORT, WHICH LEFT A NUMBER OF KEY POINTS OPEN. VAN DEN BROEK, WITH YOUR SUPPORT, QUERIED THE SUGGESTION THAT THE PREPARATORY PHASE WAS COMPLETE. HE COULD ACCEPT THAT SUFFICIENT PREPARATION HAD TAKEN PLACE TO ALLOW A FORMAL DECISION TO CONVENE THE IGC TO BE TAKEN BUT HE INSISTED THAT ECOFIN MINISTERS SHOULD BE ABLE TO CONTINUE WORKING IN THE PERIOD BEFORE THE IGC. DE MICHELIS SAW NO DIFFICULTY HERE: PREPARATION WAS COMPLETE IN THE SENSE THAT THE KEY POLITICAL POINTS TO BE RESOLVED AT THE IGC HAD BEEN IDENTIFIED, BUT IT WAS CLEAR THAT ECOFIN SHOULD CONTINUE WITH ITS WORK, FOR EXAMPLE ON BUDGETARY QUESTIONS AND THE STATUTES OF A NEW CENTRAL BANK.

10. SOLBES, EYSKENS, COLLINS AND ELLEMAN JENSEN COULD ACCEPT PRESIDENCY PROPOSALS ON ORGANISATION. POOS SAW NO NEED FOR A COORDINATING COMMITTEE, WHICH WOULD MERELY COMPLICATE MATTERS. HE PREFERRED CARLI'S IDEA FOR ENSURING ADEQUATE COORDINATION - THAT FINANCE MINISTERS SHOULD TAKE THE LEAD ON EMU, BUT FOREIGN MINISTRIES SHOULD BE REPRESENTED AT THE EMU IGC AT WHATEVER LEVEL THEY THOUGHT APPROPRIATE. HE ALSO OPPOSED THE IDEA OF INTER-INSTITUTIONAL PRE-MEETINGS WITH THE EUROPEAN PARLIAMENT - THE ARRANGEMENTS USED FOR THE SINGLE EUROPEAN ACT, WITH PRESIDENCY AND COMMISSION MEETING THE EP IN ADVANCE, HAD WORKED WELL, AND SHOULD BE USED AGAIN. COREPER SHOULD DISCUSS THE PRESIDENCY NOTE ON ORGANISATION BEFORE IT WAS SUBMITTED TO THE EUROPEAN COUNCIL.

11. YOU AGREED WITH POOS ON BOTH POINTS, GUIGOU AND VAN DEN BROEK AGREED WITH POOS ON THE EP POINT, BUT COULD OTHERWISE ACCEPT THE PRESIDENCY PROPOSAL.

12. DE MICHELIS STRESSED THAT DECISIONS ON ORGANISATION WOULD BE TAKEN BY THE EUROPEAN COUNCIL ITSELF, AND AGREED THAT COREPER SHOULD DISCUSS THE PRESIDENCY PROPOSAL IN ADVANCE OF THE COUNCIL. HE ARGUED THAT THE EP EXPECTED A BIGGER ROLE IN THE IGC THAN THEY HAD HAD IN THE SINGLE EUROPEAN ACT. ON COORDINATION, HE FELT A COORDINATING COMMITTEE WAS NEEDED BECAUSE THE PRESIDENCY COULD NOT CARRY OUT THE ROLE ON ITS OWN. POOS COMMENTED THAT THE EP CONTRIBUTION WAS LIKELY TO BE MORE EFFECTIVE UNDER THE SEA MODEL THAN IF THERE WERE FULL INTER-INSTITUTIONAL CONFERENCES BEFORE EACH IGC MINISTERIAL.

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AMANDA PONSONBY

EUROPEAN COUNCIL, ROME

BF || The Prime Minister would like a meeting, probably on Friday, to prepare for the European Council in Rome. Ideally we should have the Foreign Secretary, the Chancellor, the Trade and Industry Secretary and the Secretary of State for Agriculture, together with Mr. Kerr from Brussels and Mr. Hadley from the Cabinet Office. Could you please see urgently whether something could be arranged.

CHARLES POWELL

21 October 1990

cc Charles Powell
Press Officers

PRIME MINISTER

EUROPEAN COUNCIL - ROME

I was asked by the Sunday Lobby today, in the light of Chancellor Kohl setting 1994 as the date for the start of Stage II, for a briefing on the Rome Council. I made the following points:

1. A special Council in October had been originally envisaged in the context of CSCE and help for the Soviet Union.
2. Both these subjects were of continuing importance and needed to be discussed since, God help us, this was the third Council we were attending this year, with a fourth to come. But it was also important to consider Eastern Europe, the GATT and the Gulf.
3. It was surely of much less importance to consider Political and Economic and Monetary Union in October when IGCs were being convened for that very purpose in December; but if our partners wanted to raise them then obviously we would make our points.
4. Those points were as follows:
 - we had advanced a practical, flexible, counter-inflationary method of developing beyond Stage I - the hard ECU. We would strongly argue the merits of this increasingly attractive option, as appropriate. If in the long run this became, first, a common and, then, a single currency by common consent then so be it; but that was a long way down the track.
 - meanwhile, it was no way to do business to set a date for the operation of Stage II without knowing what Stage II contained and added up to.

- if France and Germany wished to move to narrower 1% ERM bands that was their affair; it did not alter our intention to narrow ours from 6% as and when appropriate
- and we would not be rushed.

I was frankly bored, after some 30-odd Euro Councils, with the scenario of other Euro nations coming forward with ideas just before a Council which were interpreted as putting pressure on the UK or designed to isolate the UK. All this nonsense was very counter-productive. And in any case you had a very good record indeed for getting your way because you didn't waffle but brought co-operative, constructive and practical schemes to the EC.

Frankly we are not too concerned what other people say or do; we shall do what we think is right and practical and in the interests of the Community.



BERNARD INGHAM
October 19, 1990

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FRENCH VIEWS ON THE EUROPEAN COUNCIL

SUMMARY

1. MME GUIGOU (MINISTER FOR EUROPEAN AFFAIRS) OUTLINES FRENCH APPROACH TO THE FORTHCOMING EUROPEAN COUNCIL. SHE ALSO DESCRIBES A POSSIBLE PACKAGE ON SITES OF THE INSTITUTIONS.

DETAIL

2. WHEN JAY (AUS) CALLED ON MME GUIGOU IN THE COURSE OF A DAY-LONG MEETING WITH DE BOISSIEU (REPORTED SEPARATELY, NOT TO ALL), SHE SAID THAT SHE WAS LOOKING FORWARD TO SEEING MR GAREL-JONES ON 22 NOVEMBER. IT WAS IMPORTANT THAT THE UK AND FRANCE SHOULD REMAIN IN THE CLOSEST TOUCH IN ORDER TO AVOID MISUNDERSTANDINGS AND WHEREVER POSSIBLE REACH AGREEMENT AT AN IMPORTANT MOMENT IN THE COMMUNITY'S DEVELOPMENT.

3. MME GUIGOU THOUGHT THAT THE PRINCIPAL THEMES OF THE SPECIAL EUROPEAN COUNCIL WOULD BE EPU, EMU, THE GULF, SITES OF THE INSTITUTIONS AND POSSIBLY RELATIONS WITH THE SOVIET UNION (ALTHOUGH THE LAST MIGHT NOT BE RIPE FOR DISCUSSION GIVEN UNCERTAINTY ABOUT SOVIET DECISION-MAKING). JAY SAID THAT ALL THESE ITEMS WOULD NEED TO FEATURE ON THE AGENDA, BUT IT WAS IMPORTANT THAT THE COUNCIL CONCENTRATE AND BE SEEN TO CONCENTRATE ON THE MAJOR POLITICAL ISSUES OF THE DAY - SUCH AS THE GULF AND THE SOVIET UNION - AND NOT TO APPEAR BOGGED DOWN IN INTERNAL ISSUES SUCH AS THE IGCS. AS REPORTED SEPARATELY (MY TELNO 1248) HE ALSO STRESSED THE IMPORTANCE OF THE EUROPEAN COUNCIL REINFORCING THE COMMUNITY'S COMMITMENT TO A SUCCESSFUL OUTCOME TO THE GATT URUGUAY ROUND.

4. ON SITES OF THE INSTITUTIONS, MME GUIGOU OUTLINES A PACKAGE CURRENTLY BEING PROPOSED BY THE PRESIDENCY: THIS WAS EXPANDED UPON LATER BY DE BOISSIEU. IT INVOLVED: - TRANSFER OF PART OF THE EP SECRETARIAT TO STRASBOURG:

- A GUARANTEE OF TWELVE REGULAR PLENARIES THERE EACH YEAR
- TRADEMARK OFFICE TO MADRID
- ENVIRONMENTAL AGENCY TO DENMARK

- EUROFED TO LUXEMBOURG
- TRAINING AGENCY TO BERLIN
- MEDICAL AGENCY TO NETHERLANDS

5. MME GUIGOU SAID THAT THE FRENCH HAD MADE IT CRYSTAL CLEAR TO THE ITALIANS THAT THEIR PRIMARY REQUIREMENT WAS THE CONVERSION TO A FORMAL STATUS OF THE EXISTING PRACTICE WHEREBY ALL (REPEAT ALL) EC PLENARIES WERE HELD IN STRASBOURG. THEY WERE NOT (NOT) SEEKING TRANSFER OF THE SECRETARIAT FROM LUXEMBOURG, SO THE QUESTION OF COMPENSATING THE LUXEMBOURGOIS WITH EUROFED (THE CREATION OF WHICH HAD IN ANY CASE NOT YET BEEN AGREED) DID NOT ARISE. (COMMENT : THE IMPLICATION IS THAT THE FRENCH WILL THEMSELVES BID FOR EUROFED IF IT IS ESTABLISHED). ON OTHER ELEMENTS OF THE PACKAGE, FRANCE WAS IN FAVOUR OF THE MAXIMUM DIFFUSION OF INSTITUTIONS THROUGHOUT THE COMMUNITY.

6. BOTH MME GUIGOU AND DE BOISSIEU SOUGHT UK SUPPORT FOR THE FRENCH POSITION. JAY REPLIED THAT OUR MAIN CONCERNS WERE TO GET THINGS MOVING. WE WOULD LOOK CAREFULLY AT ANDREOTTI'S PROPOSALS. WE SAW ADVANTAGE IN LIMITING A PACKAGE TO THOSE INSTITUTIONS ALREADY AGREED IN PRINCIPLE. MME GUIGOU COMMENTED THAT ANDREOTTI WAS NOT ALWAYS A RELIABLE INTERLOCUTOR AND HAD MISREPRESENTED THE GERMAN POSITION IN RECENT DISCUSSIONS WITH THE FRENCH OVER EUROFED.

7. ON EPU, MME GUIGOU NOTED JAY'S THESIS THAT THINGS MIGHT BE INSUFFICIENTLY DEVELOPED TO ALLOW DETAILED DISCUSSION AT THE EUROPEAN COUNCIL. NEVERTHELESS, SHE FELT THAT HEADS OF GOVERNMENT COULD GIVE A USEFUL TOP-LEVEL POLITICAL ORIENTATION TO THE WORK OF THE SPECIAL REPRESENTATIVES, WHICH SHE THOUGHT WAS GOING WELL.

8. ON EMU, MME GUIGOU EMPHASISED FRENCH HOPES OF GOING AHEAD WITH ALL TWELVE MEMBER STATES (IMPLICATION : THAT IS NOT THE ONLY POSSIBILITY). BUT FRANCE WAS ALSO CLEAR ON THE FINAL OBJECTIVE OF THE SINGLE CURRENCY ETC. THE FRENCH WERE LOOKING VERY CLOSELY AT OUR HARD ECU PROPOSAL, WHICH THEY THOUGHT MIGHT HELP TO ACHIEVE THE STRENGTHENING OF THE ECU NEEDED TO REACH FULL EMU. SHE WELCOMED OUR POSITIVE CONTRIBUTION TO THE DEBATE AND OUR MEMBERSHIP OF ERM, WHICH SHOULD HELP THE DISCUSSIONS ON THE WAY FORWARD. JAY EMPHASISED THAT THE DECISION TO JOIN ERM HAD BEEN TAKEN FOR TECHNICAL REASONS, BUT THAT OUR ENTRY WAS ALSO A SIGN OF THE UK'S COMMITMENT TO STAGE 1 AND TO FULL PARTICIPATION IN THE DEBATE.

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(FRAME GENERAL)
EUROPEAN COUNCIL, 27/28 OCTOBER: ITALIAN PRESIDENCY PLANS

SUMMARY

1. JAY (AUS, FCO) VISITED ROME ON 10 OCTOBER FOR TALKS WITH NIGIDO, AUS EQUIVALENT IN THE ITALIAN FOREIGN MINISTRY. MOST OF THE DISCUSSION WAS ON THE ITALIAN PRESIDENCY'S PLANS FOR THE INFORMAL EUROPEAN COUNCIL ON 27/28 OCTOBER. THE COUNCIL TO GO AHEAD, DESPITE DOUBTS EXPRESSED AT ASOLO, WITH THE FOCUS LIKELY TO BE ON THE GULF, THE TWO IGCS, THE SOVIET UNION (INCLUDING AID), THE GATT URUGUAY ROUND, BUDGETARY PRESSURES (POSSIBLY: A DELORS IDEA), AND SITES OF THE INSTITUTIONS.

DETAIL

2. NIGIDO SAID THAT IT NO LONGER SEEMED NECESSARY TO DO MORE THAN TOUCH ON GERMAN UNIFICATION OR PREPARATIONS FOR THE CSCE, WHICH HAD BEEN THE ORIGINAL JUSTIFICATION FOR CALLING THE SPECIAL COUNCIL. THERE WOULD NEED TO BE DISCUSSION OF CURRENT POLITICAL ISSUES, NOTABLY THE GULF. IN ADDITION, THE AGENDA SEEMED LIKELY TO COVER THE FOLLOWING ITEMS.

GATT URUGUAY ROUND

3. A PUSH TO THE NEGOTIATIONS MIGHT BE NEEDED, POSSIBLY INCLUDING A DECISION ON THE COMMUNITY'S AGRICULTURE OFFER IF AGRICULTURE, TRADE AND FOREIGN MINISTERS WERE UNABLE TO RESOLVE THE ISSUE FIRST. JAY STRESSED THE NEED TO SETTLE THE AGRICULTURE OFFER AS SOON AS POSSIBLE. AND PROTECTIONIST TENDENCIES RESULTING FROM THE GULF CRISIS MADE IT EVEN MORE IMPORTANT THAT THE ROUND AS A WHOLE SUCCEED.

AID TO SOVIET UNION

4. JAY SAID THAT THE COMMISSION SEEMED LIKELY TO PUT FORWARD MODEST PROPOSALS, CENTRING ON WELL-TARGETTED TECHNICAL ASSISTANCE, WITH DISCUSSION OF FINANCIAL AID TO AWAIT THE OUTCOME OF THE IMF DISCUSSIONS. WE THOUGHT THIS RIGHT. NIGIDO THOUGHT THIS TOO MINIMAL, AND TALKED OF SOMETHING ON DEBT AND EMERGENCY AID.

EC/EFTA

5. NIGIDO SAID THE ITALIANS WERE WORKING ON NEW PROPOSALS FOR DECISION-SHAPING WHICH WOULD GIVE THE EFTANS WHAT THEY WANTED WITHOUT DILUTING THE COMMUNITY'S DECISION-TAKING PROCEDURES. THEY HAD HOPED TO HAVE PROPOSALS READY BY THE 22/23 OCTOBER FAC, BUT MIGHT JUST MISS IT. JAY STRESSED THE IMPORTANCE OF THE NEGOTIATIONS WITH THE EFTANS, LOOKED FORWARD TO SEEING THE ITALIAN PROPOSALS, AND SAID WE MIGHT HAVE IDEAS OF OUR OWN.

6. NIGIDO GAVE THE IMPRESSION THAT THE ITALIANS, LIKE DELORS AND THE FRENCH, NOW FEAR THE EFFECT OF THE EEA ON THE COMMUNITY'S COHESION. IN A BRIEF DISCUSSION OF ENLARGEMENT, HE GAVE THE IMPRESSION OF WANTING THE COMMUNITY DEEPENED QUICKLY TO AVOID SUBSEQUENT WIDENING, EXCEPT FOR AUSTRIA.

COMMUNITY BUDGET

7. NIGIDO SAID DELORS MIGHT HAVE IN MIND A DISCUSSION OF THE PRESSURES ON THE COMMUNITY BUDGET FROM THE SOVIET UNION, EASTERN EUROPE, THE GULF, EC/GDR, AND AGRICULTURE, WITH A VIEW - NIGIDO IMPLIED - TO MAKING USE OF THE HEADROOM WITHIN THE OWN RESOURCES CEILING. JAY SAID THE KEY LIMIT WAS THE FINANCIAL PERSPECTIVE NOT THE OR CEILING. WE WERE CONSCIOUS OF THE DEMANDS ON THE BUDGET BUT COULD NOT ACCEPT ANY PRESUMPTION THAT THE FINANCIAL PERSPECTIVE SHOULD BE FURTHER INCREASED. THIS DID NOT SEEM A GOOD IDEA FOR THE EUROPEAN COUNCIL.

SITES OF THE INSTITUTIONS

8. LIKELY TO BE DISCUSSED FOLLOWING ANDREOTTI'S PROGRESS ROUND CAPITALS: THE ITALIAN FOREIGN MINISTRY WERE NOT IN THE LEAD.

EC/US AND EC/CANADA DECLARATIONS

9. A POSSIBLE ITEM. JAY SAID HE THOUGHT THESE WOULD BE SORTED OUT OUTSIDE THE EUROPEAN COUNCIL, AND STRESSED THE NEED FOR EQUAL PROGRESS ON EC/CANADA.

THE IGCS

10. NIGIDO EXPECTED SUBSTANTIVE DISCUSSION OF BOTH IGCS AT ROME. HE SAID THE ITALIANS HAD HOPED THAT THE COUNCIL MIGHT BE ABLE TO AGREE A 'MANDATE' FOR BOTH BUT THIS NOW LOOKED UNLIKELY, PARTICULARLY FOR POLITICAL UNION (WHICH HE SAID DE MICHELIS NOW WANTED CALLED THE QUOTE POLITICAL DIMENSION UNQUOTE). INDEED, NIGIDO SEEMED TO THINK THAT SOME FORMAL MANDATE FOR BOTH IGCS WOULD BE NEEDED, TO BE AGREED AT THE DECEMBER EUROPEAN COUNCIL IF NOT IN OCTOBER. HE SPOKE

OF THE IGCS CONVENING AFTER THE DECEMBER COUNCIL IF THE QUOTE MANDATES UNQUOTE WERE NOT AGREED IN OCTOBER.

11. JAY SAID THE EUROPEAN COUNCIL COULD TAKE STOCK OF WORK ON POLITICAL UNION, BUT IT WOULD BE TOO EARLY FOR PRESCRIPTIONS. NONETHELESS, NIGIDO OBVIOUSLY HOPED THE EUROPEAN COUNCIL WOULD AT LEAST SET GUIDELINES FOR FUTURE WORK. HE MADE CLEAR THAT THE ITALIANS SEE WORK ON A COMMON FOREIGN AND DEFENCE POLICY AS THE KEY AREA: OTHER ISSUES WERE TIDYING UP THE SEA.

12. JAY SAID THAT ON EMU TOO THERE WAS A LOT OF WORK TO BE DONE. NIGIDO WAS WRONG TO SAY THAT ALL WAS OVER BAR A POLITICAL DECISION. EVEN ON STAGE II THERE WERE UK, SPANISH, AND DUTCH PROPOSALS, ALL OF WHICH NEEDED WORK. JAY REBUTTED THE SUGGESTION THAT OUR JOINING THE ERM MEANT WE WOULD NOW AGREE TO A SINGLE CURRENCY.

12. NIGIDO CONFIRMED THAT THE ITALIANS HAD WITHDRAWN THEIR PAPER ON THE IGC ORGANISATION CIRCULATED AT ASOLO, BUT STILL SPOKE OF THE NEED FOR FOREIGN MINISTERS TO TAKE PART ALONGSIDE FINANCE MINISTERS IN THE EMU IGC, MAINLY, IT SEEMS, SO GENSCHER CAN CONTROL WAIGEL. JAY SAID FINANCE MINISTERS SHOULD LEAD ALONE, WITH FOREIGN MINISTRIES REPRESENTED IN DELEGATIONS IF COUNTRIES WANTED THIS.

EGERTON

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10 DOWNING STREET
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THE PRIME MINISTER

24 September 1990

*SUBJECT OCMASTER
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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T219A/90

Dear Prime Minister,

Thank you for your message of 7 September.

I shall be able to attend the Special Meeting of the European Council you have called on 27 and 28 October. I am content with the informal agenda you have suggested. In addition to the important issues you have identified, we shall obviously want to consider the latest situation in the Gulf.

I look forward very much to seeing you at Chequers on 20 October.

Yours sincerely

Raymond Hunt

Onorevole Giulio Andreotti

me

CONFIDENTIAL



file

eu

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 September 1990

See staple.

INFORMAL EUROPEAN COUNCIL, ROME:
27/28 OCTOBER

Thank you for your letter of 19 September about administrative and travel arrangements for the Informal European Council in Rome on 27-28 October. I am content with these. You will recall that the Prime Minister commented adversely on the size of our delegation to the last Informal European Council. I am sure you will have this in mind in any recommendations you put forward for the delegation this time.

you want

(CHARLES POWELL)

J.S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office.

CONFIDENTIAL

eu



Foreign and Commonwealth Office

London SW1A 2AH

20 September 1990

Dear Charles,

Special European Council, 27/28 October 1990

Thank you for your letter of 7 September enclosing Signor Andreotti's message to the Prime Minister about the October meeting of the European Council.

The agenda proposed by the Italians is as expected. The principle of a special Council in October was agreed by heads of government in Dublin in June. The Italians had problems with the dates, and have had to start late on the Saturday, continuing on the Sunday morning. I understand that the Prime Minister has agreed to stay on.

I enclose a draft reply from the Prime Minister.

Yours ever,

Richard S. Gass

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT LETTER FROM THE PRIME MINISTER

To: Onorevole Giulio Andreotti

Thank you for your message of 7 September.

I shall be able to attend the Special Meeting of the European Council you have called on 27 and 28 October. I am content with the informal agenda you have suggested. In addition to the important issues you have identified, we shall obviously want to consider the latest situation in the Gulf.

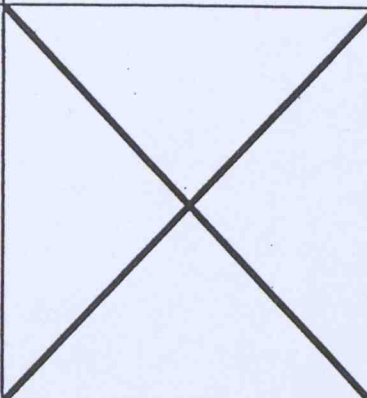
I look forward to seeing you on ~~27~~ October.

20 October

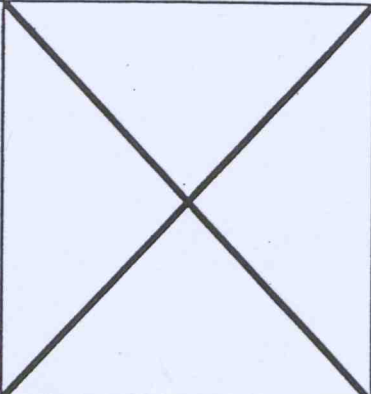
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Rome Pt 38

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>2979</i> (one piece/item number)	Date and sign
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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>2979</i> (one piece/item number)	Date and sign
Extract details: <i>Letter from Wall to Powell dated 19 September 1990</i>	
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CC. FCO
Treasury
DTI
Cabinet Office (Mr. Hoadley)
CAB
10/9.

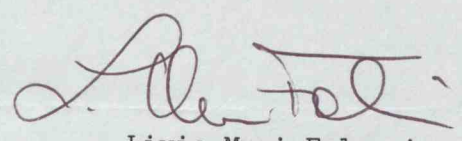
Italian Embassy,
14, Three Kings Yard,
London, W.1.

10th September, 1990

Dear Charles,

I take pleasure in enclosing herewith a message together with a courtesy translation, addressed to Margaret Thatcher, M P from the Italian President of the Council of Ministers, Signor Giulio Andreotti.

With my best regards. Sincerely yours



Livio Muzi-Falconi
Minister-Counsellor

Mr Charles Powell
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

Messaggio dell'On. Presidente Andreotti indirizzato ai suoi Colleghi Capi di Stato e di Governo ed al Presidente Delors per indire un Consiglio Europeo straordinario per il prossimo 27/28 ottobre a Roma

"Le importanti scadenze dell'attività comunitaria ed internazionale che ci attendono nei prossimi mesi e che sono tra loro collegate da rapporti complessi hanno convinto la presidenza italiana della necessità di convocare un Consiglio Europeo straordinario alla fine del mese di ottobre. Avevo del resto già avuto modo di anticipare informalmente questa intenzione in occasione dell'ultima Sessione del Consiglio Europeo, nel giugno scorso a Dublino.

Ritengo di fondamentale importanza fare il punto, nel corso della Sessione straordinaria del Consiglio Europeo, dei lavori svolti dopo Dublino in materia di unione economica e monetaria e di unione politica. Le due Conferenze intergovernative potranno così aprirsi alla metà di dicembre in una situazione di piena chiarezza politica, dopo che gli Stati membri avranno avuto l'occasione di esprimere le loro posizioni al più alto livello.

Potremo anche riprendere in esame il problema delle sedi delle istituzioni comunitarie sulla base del rapporto che mi propongo di svolgere, a seguito del mandato conferito dal Consiglio Europeo di Dublino.

Avremo inoltre l'occasione di prendere atto dello storico compimento dell'unificazione tedesca che avrà avuto luogo poche settimane prima, di esaminare le prospettive del vertice della CSCE che si aprirà il 19 novembre a Parigi, definendo la posizione dei Dodici, di approfondire ulteriormente le forme della cooperazione economica e finanziaria con l'Unione Sovietica.

. / .

Infine, potremo procedere all'esame delle più importanti questioni che l'attualità internazionale ci presenterà in quel momento.

Dopo un ampio giro di consultazioni condotto dalla presidenza italiana, è emerso che la data più conveniente per tutti gli Stati membri è quella di sabato 27 ottobre a partire dal tardo pomeriggio. Sono pertanto molto lieto di invitarLa a prendere parte alla Sessione straordinaria del Consiglio Europeo, che si terrà quel giorno a Roma con l'inizio dei lavori alle ore 18.30. Data la molteplicità degli argomenti che saremo chiamati ad affrontare, i lavori riprenderanno la mattina del giorno successivo, domenica 28 ottobre, alle ore 9.30 per concludersi intorno alle ore 11.30.

Colgo l'occasione per inviarLe i miei più cordiali saluti.

Giulio Andreotti"



File

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 September 1990

EUROPEAN COUNCIL, 27 AND 28 OCTOBER

Bk V
I enclose an advance copy of Signor Andreotti's letter of invitation to the European Council on 27 and 28 October. I should be grateful for a draft reply in due course.

C.D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

R



*Il Consigliere Diplomatico
del Presidente del Consiglio dei Ministri*

Rome, September 7, 1990

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T206A/90.....

Dear Charles,

for your convenience, I am sending herewith enclosed copy of the letter that President Andreotti has addressed to your Prime Minister concerning the next European Council which will take place in Rome on October 27 and 28.

The letter will be transmitted formally through our Embassy.

*With my best regards
Yours Sincerely
Ciriaco De Mita*

Mr. Charles POWELL
Private Secretary
to the Prime Minister
LONDON



SUBJECT CLORS
MASTER

*Al Presidente
del Consiglio dei Ministri*

Roma, 5 settembre 1990

Caro signor,

le importanti scadenze dell'attività comunitaria ed internazionale, che ci attendono nei prossimi mesi e che sono tra loro collegate da rapporti complessi, hanno convinto la Presidenza italiana della necessità di convocare un Consiglio Europeo straordinario alla fine del mese di ottobre. Avevo del resto già avuto modo di anticipare informalmente questa intenzione in occasione dell'ultima Sessione del Consiglio Europeo, nel giugno scorso a Dublino.

Ritengo di fondamentale importanza fare il punto, nel corso della Sessione straordinaria del Consiglio Europeo, dei lavori svolti dopo Dublino in materia di Unione Economica e Monetaria e di Unione Politica. Le due Conferenze intergovernative potranno così aprirsi alla metà di dicembre in una situazione di piena chiarezza politica, dopo che gli Stati Membri avranno avuto l'occasione di esprimere le loro posizioni al più alto livello.

Potremo anche riprendere in esame il problema delle sedi delle Istituzioni comunitarie sulla base del rapporto che mi propongo di svolgere, a seguito del mandato conferito dal Consiglio Europeo di Dublino.

Avremo inoltre l'occasione di prendere atto dello storico compimento dell'Unificazione tedesca che avrà avuto luogo poche settimane prima; di esaminare le prospettive del Vertice della CSCE che si aprirà il 19 novembre a Parigi, definendo la posizione dei Dodici; di approfondire ulteriormente le forme della cooperazione economica e finanziaria con l'Unione Sovietica.

./.

S.E. la Signora Margaret THATCHER
Primo Ministro del Regno Unito di
Gran Bretagna e Irlanda del Nord

LONDRA



*Al Presidente
del Consiglio dei Ministri*

2.

Infine, potremo procedere all'esame delle più importanti questioni che l'attualità internazionale ci presenterà in quel momento.

Dopo un ampio giro di consultazioni condotto dalla Presidenza italiana, è emerso che la data più conveniente per tutti gli Stati Membri è quella di sabato 27 ottobre a partire dal tardo pomeriggio. Sono pertanto molto lieto di invitarLa a prendere parte alla Sessione straordinaria del Consiglio Europeo, che si terrà quel giorno a Roma con inizio dei lavori alle ore 18.30. Data la molteplicità degli argomenti che saremo chiamati ad affrontare, i lavori riprenderanno la mattina del giorno successivo, domenica 28 ottobre, alle ore 9.30 per concludersi intorno alle ore 11.30.

Colgo l'occasione per inviarLe i miei più cordiali saluti.

Giulio Andreotti



*Al Presidente
del Consiglio dei Ministri*

Roma, 5 settembre 1990

Caro signor

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./.

S.E. la Signora Margaret THATCHER
Primo Ministro del Regno Unito di
Gran Bretagna e Irlanda del Nord

LONDRA



*Al Presidente
del Consiglio dei Ministri*

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Colgo l'occasione per inviarLe i miei più cordiali saluti.

Giulio Andreotti



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 July 1990

EUROPEAN COUNCILS IN THE ITALIAN AND LUXEMBOURG PRESIDENCIES

Thank you for your letter of 18 July about the dates of the European Councils in the Italian and Luxembourg Presidencies.

I gather that the Italians have now withdrawn 29 October and will offer an alternative date.

We can now accept 28/29 June, since the Conservative Women's Conference is moving to a different date.

C.D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

RESTRICTED

18 July 1990

Dear Charles,

Barry

Can we discuss
please?

OK

European Councils in the Italian
and Luxembourg Presidencies

The main European Council in the Italian Presidency will be on 14/15 December in Rome. As you know, the Italians have proposed a Special European Council in the autumn. 27 October and 3 November have proved difficult for others, they have now offered Monday 29 October. We understand that a dinner is at present pencilled into the Prime Minister's diary. I should be grateful to know whether we may accept the Italian proposal.

now
changed.

OK

The Luxembourg Government have proposed Friday 28/Saturday 29 June for their European Council. I understand that the Prime Minister is likely to have engagements at the Conservative Women's Conference that weekend, and at the Welsh Conservative Party Conference the previous weekend. Alternatives would include 15/16, 17/18 or 24/25 June. As far as it is possible to say at this distance, which would suit the Prime Minister? The Luxembourgers have asked for a response by 27 July if possible.

I am sending a copy of this letter to Sonia Phippard (Cabinet Office).

Yours ever,

Richard So

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

Amor
Can we do?
Charles
I have marked the dates in the diary.
AP 12/12
18 December 1989

CP

Dear Charles,

Italian Presidency: European Council

The Italians have proposed the dates of Friday 14/
Saturday 15 December 1990 for their European Council.
They have asked for views by 20 December.

I should be grateful if you would let me know whether
these dates are likely to be possible for the Prime Minister.

Yours ever,

Richard Gozney
(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

PART 36 ends:-

PART 37 begins:-

FCS TO CDP 18/12/89



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