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TO PRIORITY FCO

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OF 091410Z DECEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, MADRID, LISBON

INFO PRIORITY UKDEL STRASBOURG.

ITALY/EC.

SUMMARY.

1. FURTHER SIGNS THAT ITALIAN OPPOSITION TO THE OUTCOME OF THE LUXEMBOURG COUNCIL IS WEAKENING. BUT WE ARE NOT OUT OF THE WOOD YET.

DETAIL.

2. ON 6 DECEMBER VISCONTI OF CRAXI'S DIPLOMATIC OFFICE TOLD HEAD OF CHANCERY THAT THE ITALIANS WERE NOW RETHINKING THEIR VARIOUS RESERVES ON THE OUTCOME OF LUXEMBOURG. IT WOULD BE HARD AND "UN-ITALIAN" TO SAY NO TO AN AGREEMENT THAT REPRESENTED SOME PROGRESS, HOWEVER MODEST. ALTHOUGH VISCONTI DECLINED TO BE DRAWN ON THE DIFFERENCES THAT APPEAR TO HAVE EMERGED BETWEEN CRAXI AND ANDREOTTI IN THE AFTERMATH OF LUXEMBOURG (MY TELNO 1039), HE DID VOLUNTEER THAT CRAXI HAD NO (NO) VERY HIGH OPINION OF THE EUROPEAN PARLIAMENT.

3. THE PSI'S FOREIGN AFFAIRS SPOKESMAN (SPINI, RECENTLY IN LONDON WHERE HE CALLED ON MR RIFKIND) TOLD US LAST WEEK THAT MAINTENANCE OF THE ITALIAN RESERVE WOULD PLAY INTO THE HANDS OF THOSE WHO WERE OPPOSED TO ANY TREATY AMENDMENTS. HE DID NOT MENTION THE DANES BY NAME, THE BUT IMPLICATION WAS CLEAR. DURING THE DEBATE ON THE ACCESSION OF SPAIN AND PORTUGAL (MY TELNO 1039), SPINI PROPOSED A WAY OUT FOR ITALY WHEREBY SHE WOULD SEEK TO RESURRECT THE ISSUE OF THE EUROPEAN PARLIAMENT'S POWERS AFTER A LAPSE OF TIME, PERHAPS BY CALLING FOR A NEW IGC.

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4. FOR THE ITALIAN GOVERNMENT MUCH DEPENDS ON THE VOTING IN THE EUROPEAN PARLIAMENT THIS WEEK. THE PRESS HERE IS FULL OF STORIES THAT SPINELLI'S MAJORITY IS CRUMBLING. IF THAT PROVES TO BE THE CASE OR IF THE PARLIAMENT REJECTS THE LUXEMBOURG CONCLUSIONS BY A SMALL MAJORITY, IT WOULD BE EASIER FOR THE ITALIAN GOVERNMENT TO WRIGGLE OFF THE HOOK. I HOPE TO OBTAIN FURTHER INFORMATION ABOUT ITALIAN VIEWS BEFORE THE FAC ON 16/17 DECEMBER. MEANWHILE MY GUESS IS THAT ANDREOTTI MAY SEEK TO INCORPORATE SOME KIND OF UNDERTAKING, EITHER IN THE TEXTS THEMSELVES OR AS A FOOTNOTE, THAT THE POWERS OF THE EUROPEAN PARLIAMENT WILL BE FURTHER RE-EXAMINED IN 1992 OR BEFORE, AS HIS PRICE FOR LIFTING ITALIAN RESERVES ON THE PACKAGE. IF HE FAILS IN THIS ATTEMPT, THE QUESTION WOULD BE WHETHER THE ITALIANS WILL BE CONTENT WITH A UNILATERAL STATEMENT. THEY WILL CERTAINLY NEED SOMETHING, HOWEVER MEAGRE, TO PROVE TO THEIR OWN PARLIAMENT AND TO THE ITALIAN MEPS THAT THEY TRIED RIGHT UP TO THE END.

BRIDGES

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