

RESTRICTED  
COLLAR  
FM MADRID  
TO ROUTINE FCO  
TELNO 217  
OF 091250Z MARCH 89  
INFO ROUTINE UKREP BRUSSELS, OTHER EC POSTS

MS

VISIT OF ITALIAN PRIME MINISTER

SUMMARY

1. SPANISH AND ITALIAN PRIME MINISTERS DECLARE SUPPORT FOR EMU IN PRINCIPLE AND FOR EVENTUAL TREATY AMENDMENT.

DETAIL

2. DE MITA VISITED MADRID FOR 24 HOURS ON 6/7 MARCH. HE HAD TWO ROUNDS OF TALKS AND DINNER WITH GONZALEZ AND LUNCH WITH THE KING. HE WAS UNACCOMPANIED BY OTHER MINISTERS AND THE TALKS WERE RESTRICTED TO ONLY THE TWO HEADS OF GOVERNMENT.

3. THE ITALIAN EMBASSY TELLS US THAT THE TALKS CONCENTRATED MAINLY ON EC ISSUES, PARTICULARLY MONETARY UNION. BOTH SIDES WERE FIRMLY COMMITTED TO IT AS AN OBJECTIVE, WITH GONZALEZ STATING THAT THE SEA WAS TOO GENERAL TO PROVIDE THE NECESSARY DISCIPLINE TO ACHIEVE IT AND THAT THE TREATY OF ROME WOULD HAVE TO BE 'ADDED TO'. HOWEVER, HE WAS CAREFUL TO SPEAK AT THE PRESS CONFERENCE OF THE 'COORDINATION OF MONETARY POLICY' AS THE GOAL TO BE ACHIEVED. BOTH PRIME MINISTERS DECLARED THEMSELVES IN FAVOUR OF A DECLARATION AT THE MADRID EUROPEAN COUNCIL THAT WOULD COMMIT THE TWELVE 'IRREVERSIBLY' TO PURSUING THIS GOAL. BOTH SAID THAT THEIR COUNTRIES WOULD FIND THE NECESSARY ADJUSTMENT HARD BUT THAT THEY WERE WILLING TO PAY THE PRICE OF LOSS OF SOVEREIGNTY. GONZALEZ SAID SPAIN WAS COMMITTED TO EMS MEMBERSHIP IN DUE COURSE, BUT AS PART OF THE PROCESS OF COORDINATING MONETARY POLICY WITHIN THE EC. AT THE PRESS CONFERENCE DE MITA CRITICISED MRS THATCHER'S RESERVATIONS ABOUT EMU REPEATING MITTERRAND'S REMARK THAT 'THATCHER WILL BE OPPOSED UNTIL SHE FINDS SHE IS IN A MINORITY' - 'OF ONE' GONZALEZ ADDED.

4. OTHER EC TOPICS DISCUSSED WERE THE SOCIAL DIMENSION, FISCAL HARMONIZATION AND THE ADVERTISING ASPECTS OF THE AUDIOVISUAL

INITIATIVE.

5. ON EAST/WEST THE DISCUSSION CENTERED ON THE DISARMAMENT TALKS IN VIENNA AND THE MODERNISATION OF SHORT RANGE NUCLEAR WEAPONS, ON WHICH BOTH SIDES AGREED THAT THERE WAS NO NEED FOR A RUSHED DECISION. GONZALEZ POINTED OUT AT THE PRESS CONFERENCE THAT GORBACHEV'S DISARMAMENT INITIATIVES HAD THEIR ORIGIN IN THE NATO TWIN-TRACK DECISION OF 1979.

6. THE OTHER SUBJECT VERY MUCH ON GONZALEZ'S MIND WAS LATIN AMERICA, PARTICULARLY DEBT, CENTRAL AMERICA AND CHILE POST-PINOCHET.

GORDON LENNOX

YYYY

DISTRIBUTION 231

MAIN 231

EUROPEAN POLITICAL

WED (-)

NNNN