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## PROSPECTS FOR HOUSTON ECONOMIC SUMMIT: 9-11 JULY

1. THE COMMISSION'S PRIORITIES AT HOUSTON ARE LIKELY TO FOCUS ON (IN DESCENDING ORDER OF IMPORTANCE), THE URUGUAY ROUND, ASSISTANCE TO THE SOVIET UNION AND THE ENVIRONMENT.

2. WITH THE LAST PHASE OF THE URUGUAY ROUND BEGINNING A COUPLE OF WEEKS AFTER HOUSTON, THE COMMISSION'S ROLE AS THE COMMUNITY'S TRADE NEGOTIATOR WILL INEVITABLY PROPEL IT INTO A MORE PROMINENT POSITION THAN IS USUAL AT G-7 SUMMITS. THERE ARE INDICATIONS THAT THE COMMISSION HAVE NOW TAKEN ON BOARD THE NEED TO AVOID ANOTHER US/EC STAND-OFF ON AGRICULTURE SUCH AS TOOK PLACE AT THE OECD MINISTERIAL MEETING IN MAY. THE ABSENCE OF MACSHARRY SHOULD MAKE THIS A BIT EASIER TO ACHIEVE ALTHOUGH THERE MAY WELL BE TENSIONS BETWEEN DELORS AND ANDRIESEN. BUT EVEN THE LATTER WILL CONSIDER HIS ROOM FOR MANOEUVRE IS CRAMPED BY THE ABSENCE OF THE SMALLER MEMBER STATES AND BY THE COMMISSION'S OWN CONVICTION THAT SUBSTANTIVE CONCESSIONS ON AGRICULTURE HAVE TO BE HELD UP UNTIL A VERY LATE STAGE OF THE NEGOTIATIONS TO AVOID BEING CAUGHT IN A SALAMI PROCESS. THE COMMISSION HAVE VALUED OUR MANY RECENT DISCREET CONTACTS OVER HOW TO MOVE FORWARD ON AGRICULTURE. A COMBINATION OF PUBLIC SUPPORT AND STEADY PRESSURE BEHIND THE SCENES TO SHOW FLEXIBILITY SEEMS LIKELY TO SERVE BEST AT HOUSTON.

3. ON ASSISTANCE TO THE SOVIET UNION, I SUSPECT THE COMMISSION'S MAIN OBJECTIVE WILL BE TO SAFEGUARD THEIR OWN LEADING ROLE IN THE ANALYTICAL PHASE AS DEFINED IN THE EUROPEAN COUNCIL CONCLUSIONS. THE COMMISSION WILL HAVE BEGUN SOUNDING THE IFI'S AND OTHERS AT THE G-24 MINISTERIAL MEETING IN BRUSSELS ON 4 JULY. ON THE SUBSTANCE DELORS' COMMENTS AT THE POST-EUROPEAN COUNCIL PRESS CONFERENCE IN DUBLIN SHOWED THAT HE WAS MUCH CLOSER TO OUR CAUTIOUS AND CONDITIONAL

APPROACH THAN TO THE BLANK CHEQUE/POLITICAL SIGNAL APPROACH FAVOURED BY KOHL AND MITTERRAND. BUT IS SUSPECT HE WILL KEEP PRETTY QUIET ON THE SUBSTANCE AT HOUSTON, SHELTERING BEHIND HIS REMIT TO STUDY ALL THIS AND TO MAKE PROPOSALS IN THE AUTUMN.

4. THE COMMISSION WILL NOT BE ABLE TO PLAY AS PROMINENT ROLE IN THE DISCUSSION OF THE ENVIRONMENT AS THEY WOULD LIKE FOLLOWING THE FAILURE OF THE JUNE ENVIRONMENT COUNCIL TO AGREE A POSITION ON GLOBAL WARMING. BUT THEY WILL BE TRYING LIKE OTHER EUROPEANS TO DRAW THE US AND JAPAN INTO A FIRMER COMMITMENT TO STABILISATION OF EMISSIONS. THEY MAY WELL TRY TO MAKE SOMETHING OF THE EUROPEAN COUNCIL CONCLUSIONS ON TROPICAL RAIN FORESTS.

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