

Secretary of State

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FROM: M H Jay

DATE: 24 October 1990

cc: PS/Mr Garel-Jones  
PS/PUS  
Mr Weston

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Private Secretary

SPECIAL EUROPEAN COUNCIL, ROME: SECRETARY OF STATE'S BILATERAL WITH THE PRIME MINISTER, 25 OCTOBER

1. The Secretary of State is to go over the European Council agenda with the Prime Minister tomorrow afternoon. I understand that the Chancellor will not now be seeing her.

2. We have not yet seen Andreotti's letter to Heads of State and Government about the agenda. But the main items are likely to be:

- (i) EMU IGC;
- (ii) Political Union IGC;
- (iii) Soviet Union;
- (iv) Eastern Europe;
- (v) Transatlantic Declarations;
- (vi) Sites of the Institutions (possibly);
- (vii) CSCE Preparations.

The main Political Cooperation topic will be the Gulf crisis. There may be discussion of some items dear to one or other member state: the Greek loan is a possibility.

3. We understand that the Presidency are arguing against a discussion of the GATT Round, whatever the outcome of the Agriculture/Trade Ministers' meeting on 26 October. We must fight for a discussion.

4. I attach Speaking Notes for the Secretary of State's use.

M H Jay

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24 October 1990

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EUROPEAN COUNCIL, ROME: POINTS TO MAKE

1. Andreotti will want discussion to focus on the two IGCs. We must make sure the current issues that matter - the Gulf, the Soviet Union and Eastern Europe, GATT - get proper treatment. Community must not look in on itself.
  
2. GATT. Italians want to keep GATT off the agenda. Unacceptable. If Trade/Agriculture Ministers have not resolved GATT agriculture on 26 October, European Council must try to resolve it. If it has been resolved (unlikely) European Council must reconfirm Community's commitment to successful Round.
  
3. EMU. Not a bad paper by Carli: Italians may try to reach agreement on 1 January 1994 as target for start of Stage II. Most others may be ready to do so. Silly when they do not know what it will consist of. We must push our own market-led approach, including our hard ecu proposals. Must prevent conclusion that all preparatory work is done, with only Treaty drafting left. A lot of work still for ECOFIN. Should be no need for discussion of Stage III.
  
4. Political Union. Special Representatives' paper a fair summary of ideas put forward, including ours. discussions at a preliminary stage. Must avoid Presidency attempt to channel them, and argue for further work between now and the IGC. Focus on substance may be on common foreign and defence policy. A chance to take the lead here, and distract attention from other areas (QMV, competence, etc.).

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5. Soviet Union. Should be no problem. Can share assessment of political and economic scene. Realistic Commission report likely, with proposals for no more than technical cooperation. May be proposal for EC/Soviet Union declaration/treaty: will need to look at the details.
6. Eastern Europe. May be more difficult. Must deflect Commission proposals for financial aid towards the IMF.
7. Sites of the Institutions. Andreotti may duck this, since no Franco/Belgian agreement over EP. Our interest is in getting the agreed institutions (EEA, CTMO, Training) up and running; and keeping the field open for a UK bid for others (Medicines, Plant Breeding).
8. Gulf. Will need a firm and united signal to Saddam from our first meeting since the crisis.