M. Mkm me did very bady about gelig advance clearly texts around, being shown J R de Fonblanque From: to Mus - low 40 is. Date: 26 October 1990 bahant. Mr Kerr Note for the Record Mr Jay - fax RECEIVED IN Mr Hadley - fax שנבנו ושט ט כ Heads of Section

EUROPEAN COUNCIL CONCLUSIONS

1. I had a brief word with Poul Christoffersen about the current state of play on the European Council conclusions, shortly before he left for the airport. There is to be a meeting with senior Italian officials led by Vattani tomorrow morning.

- 2. On EMU which, he said, was being handled above his level, there was a new and detailed text drafted by Padoa-Schioppa which would cause us considerable difficulties. It included a stage 2 date and a good deal else besides. It was being tried out on the Germans and some other delegations.
- 3. On political union the Presidency's aim was to produce an uncontroversial text. I said I saw no need to include any substance since all accepted that much more work was needed. He agreed.
- On Eastern Europe there was a short and a long version of the conclusions and argument continued about which to table. short version the European Council recalled the responsibility the Community had always felt for these countries as shown in the PHARE programme etc and suggested that the Community had a special responsibility at a time when structural change was in danger because of the extra costs from the oil crisis etc and should try to contribute to the process of development towards reform. The Commission would be invited to study the problems in the context of the group of 24 with a view to complementing the action of the IFIs and with a view to special support adapted to the particular needs of the countries concerned. The longer text was "more engaging".

- 5. On the Soviet Union the draft would refer to the report from the Commission and recall the Community's interest in the success of economic and political reforms and reaffirm the Community's willingness to support these by all appropriate means including financial and technical co-operation and common projects in the field of infrastructure. The text also refers to the need for special work in the field of energy and telecommunications and calls for a report to Rome II. It also refers to the possibility of establishing a new form of contractual relations between the USSR and the Community.
- 6. Finally Christoffersen told me that there was yet another change of plans over December. The latest idea is that the European Council will be on 13/14 December, the political union IGC on the afternoon of 14 December and the EMU IGC on the morning of 15 December.

IRde Fould