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PERSONAL AND CONFIDENTIAL

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Mr Sherratt
Mr Hobbins
~~*Mr Westbrook*~~
Mr Baker (letter - last para)
MW

FROM: M H Jay

DATE: 6 November 1990

cc: PS/Mr Garel-Jones
PS/PUS
Mr Weston
Mr Bayne
Mr Greenstock
Mr Synnott, WED
Mr Arthur, ECD(I)
Mr Jones Parry, ECD(E)
Mr Mower, News Dept.
Mr Kerr, UKREP BRUSSELS

Private Secretary

ROME I EUROPEAN COUNCIL

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1. I submit a personal telegram from Sir Stephen Egerton on the prospects for Anglo-Italian relations - and in particular for the next European Council - in the light of the Rome I European Council.
 2. Sir Stephen Egerton's analysis of Italian thinking and tactics in the run-up to Rome I strikes me as astute. I should like to think that Italian psychology points to a more consensual approach to Rome II, but I am not so sure. I think the Italians could be difficult again over EMU and political union. I am sure, however, that we should work with the Italians and with others between now and the European Council, on these and other dossiers, to achieve a more harmonious Council next month, not least because this will be in our interests as the IGCs get under way in earnest.
 3. I shall be submitting on this shortly.

M H Jay

M H Jay

6 November 1990

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PERSONAL FOR M JAY, AUSS

THE ROME SPECIAL EUROPEAN COUNCIL: PROSPECTS FOR ANGLO-ITALIAN RELATIONS

1. YOU MAY LIKE AN ASSESSMENT OF WHERE WE NOW STAND WITH THE ITALIANS ON EC MATTERS, AND THE IMPLICATIONS OF THAT POSITION ON BILATERAL RELATIONS.
2. THE ITALIAN PERFORMANCE AT THE SPECIAL COUNCIL SEEMED TO TAKE THE MEDIA BY SURPRISE. BUT IT WAS NOT TOTALLY UNEXPECTED. ON RE-READING THE FILE, I AM STRUCK BY THE CONSISTENCY WITH WHICH, IN THE WEEKS LEADING TO THE SUMMIT, THE ITALIANS PRESENTED EMU AND POLITICAL UNION AS THEIR PRIORITIES. NIGIDO SAID AS MUCH IN HIS MEETING WITH YOU (MY TELNO 848), AND ANDREOTTI TOOK THE SAME LINE WITH THE EC SELECT COMMITTEE THE FOLLOWING WEEK (MY TELNO 877). THE ONLY CONCILIATORY (AND IN THE END, MISLEADING) COMMENTS WERE COMING FROM DELORS.
3. I MYSELF FELT THAT DE MICHELIS WAS LIKELY TO BE AN ALLY AT THE TOP TABLE. BUT I DID NOT (NOT) ALLOW ENOUGH FOR THE UNTYPICAL RANCOUR WHICH SEEMED TO AFFLICT ANDREOTTI: THOUGH I KNEW FROM VATTANI THAT HE HAD RESENTED THE TONE OF SOME OF THE EXCHANGES AT CHEQUERS AT THE PRECOUNCIL BILATERAL ON 20 OCTOBER (SEE CHARLES POWELL'S RECORD LETTER TO STEPHEN WALL OF 20 OCTOBER).
4. IN THE EVENT, ANDREOTTI PURSUED HIS OBJECTIVES RUTHLESSLY AND MADE LITTLE OR NO ATTEMPT TO BEHAVE LIKE A TRUE CHAIRMAN AND FIND A CONSENSUS: A PERFORMANCE HARKING BACK TO HIS BEHAVIOUR AT THE 1985 MILAN COUNCIL. HE DID SO IN PART BECAUSE HE AND HIS GOVERNMENT GENUINELY NEED EMU AND BELIEVE IN POLITICAL INTEGRATION, GIVEN THE FACT OF SUCCESSFUL GERMAN UNIFICATION WHICH FILLS ITALIANS WITH (ECONOMIC AND OTHER) DREAD.
5. BUT THERE WERE, I JUDGE, THREE ADDITIONAL REASONS WHY ANDREOTTI FORCED THE PACE. FIRST, AT THEIR MEETING ON 19 OCTOBER (MR WOOD'S TELNO 895) KOHL TOLD ANDREOTTI THAT HE COULD SUPPORT A 1 JANUARY 1994 STARTING DATE FOR PHASE II OF EMU. I THINK ANDREOTTI WANTED THIS CEMENTED QUICKLY INTO A COMMUNITY DOCUMENT BEFORE KOHL HAD A CHANCE TO CHANGE HIS MIND. SECONDLY, BOTH DE MICHELIS AND ANDREOTTI WERE GENUINELY STUNG BY THE WAVE OF PRESS CRITICISM, SOME OF IT BRITISH, OF THE ITALIAN PRESIDENCY (MY LETTER OF 31 OCTOBER TO JEREMY GREENSTOCK REFERS). THEY THOUGHT MUCH OF IT PREMATURE, PERSONALISED AND GROSSLY UNFAIR: THEY BELIEVED THE BRITISH PRESS WERE THE RINGLEADERS: AND THEY SUSPECTED THAT OFFICIAL (BUT OF COURSE DISGUISED) BRITISH BRIEFING, EITHER IN LONDON OR BRUSSELS, WAS BEHIND IT. THIRDLY, ANDREOTTI'S GOVERNMENT HAS HIT A ROUGH PATCH DOMESTICALLY, WITH AWKWARD QUESTIONS BEING ASKED ABOUT THE MORO AFFAIR (MR WOOD'S TELNO 894) AND OTHER GHOSTS FROM THE PAST. ANDREOTTI MAY WELL HAVE DECIDED THAT AN EXTERNAL SUCCESS WOULD

Ps.

Ps / Mr Gavel - Jones

Ps / Pvs

Mr Weston

Mr Bayne

Mr Greenstock

Mr Sganaglia

Mr M. H. King

Mr Jones - Parry

Mr M. H. King

cc DLN
cc DLN

Mr Hadley
Lab

Mr Willis
Ami

Mr Kern
Ukemp
(by tel)

RELIEVE SOME OF THIS PRESSURE. AGAINST THIS BACKGROUND, ANDREOTTI FELT COMPELLED TO PRODUCE RESULTS FROM THE MEETING: AND IF THAT MEANT BRITISH ISOLATION, SO BE IT.

LD
SO IN SUM, AS JOHN KERR HAS SAID, IT WAS AN UNSATISFACTORY COUNCIL. BUT AT THE RISK OF BEING TOO OPTIMISTIC, I THINK THE WORST OF OUR PROBLEMS WITH THE ITALIAN PRESIDENCY MAY NOW BE OVER, AT LEAST UNLESS NEW AND EXTRANEOUS CONTROVERSIAL ISSUES COME UP. ON EMU AND POLITICAL UNION, THE SCENE WILL SOON SHIFT TO THE TWO IGCs. THE ITALIANS WILL DOUBTLESS PREPARE, AND CIRCULATE TO SOME PARTNERS, UNHELPFUL DOCUMENTS FOR BOTH, CLAIMING AUTHORITY FOR THEM FROM THEIR EUROPEAN COUNCIL 'MANDATES'. BUT THE LEADING ROLE OF FINANCE MINISTERS IN THE EMU IGC SHOULD INJECT SOME REALITY INTO THAT DISCUSSION, AND I AM NOT SURE THAT THERE IS A CONSENSUS ON ANYTHING MORE THAN MODEST STEPS IN THE 'POLITICAL UNION' IGC, (NEXT WORD UNDERLINED) PACE THE 28 OCTOBER ROME DECLARATION ON THIS SUBJECT.

7. ON THE OTHER HAND, AND PROVIDED THAT WE DO NOT (NOT) APPROACH THE COUNCIL SPOILING FOR A FIGHT, THE ITALIANS OUGHT NOW TO CONCENTRATE ON SOME OF THOSE AREAS OF EC ACTIVITY WHERE COMMON GROUND IS NORMALLY TO BE FOUND. THOUGH THEY DUCKED THE GATT CHALLENGE IN ROME THEY MUST FACE IT SOON. ON THIS ISSUE, WE ARE LEADING THE PACK, WITH THE FRENCH AND GERMANS 'ISOLATED'. EQUALLY, THE ITALIANS HAD GREAT AMBITIONS AT THE START OF THEIR PRESIDENCY ON EC/EFTA, BUT HAVE MADE LITTLE PROGRESS. IF THEY ARE TO ACHIEVE ANYTHING WITHIN THEIR TERM OF OFFICE, THEY WILL NEED OUR HELP. ON THE SINGLE MARKET, THEY WANT TO ACHIEVE A RESPECTABLE SCORE OF DIRECTIVES BUT, AFTER A GOOD START, MADE LITTLE PROGRESS IN OCTOBER. OUR IDEAS, IF PRESENTED PROPERLY (IE WITHOUT ACCOMPANYING PUBLIC CRITICISM) COULD FIND A RECEPTIVE AUDIENCE. AND FINALLY, ON SEATS OF INSTITUTIONS, THEY HAVE MADE LITTLE PROGRESS, THOUGH ANDREOTTI REMAINS KEEN TO CONSTRUCT A PACKAGE FOR THE DECEMBER COUNCIL. AGAIN, WE HAVE NO PARTICULAR CAUSE TO PURSUE AND MAY BE IN A POSITION TO HELP. BUT WE DO NEED OTHER PARTNERS (THE DUTCH, PORTUGUESE, OR SPANISH?) TO HELP US, PERHAPS WHEN THEY REPLY TO ANDREOTTI'S BIDDING LETTER OUTLINING HIS PROPOSED AGENDA, IN ASKING IN TERMS FOR THESE OTHER IMPORTANT NON-IGC ITEMS TO BE DEALT WITH. I RECOMMEND THAT WE LOBBY AT VERY HIGH LEVEL IN DUE COURSE TO THAT END.

8. ONE FINAL THOUGHT, WHICH HAS MORE TO DO WITH PSYCHOLOGY THAN POLICY. I DETECT SOME SIGNS THAT THE ITALIAN SENSE OF TRIUMPH OVER THE EUROPEAN COUNCIL IS FADING WITH THE REALISATION THAT PERHAPS THEY WENT TOO FAR IN ALIENATING THE UK. TRADITIONALLY, THEY PRIDE THEMSELVES ON THEIR CAPACITY FOR MEDIATION AND CONCILIATION: BUT FROM THAT POINT OF VIEW, THEIR HANDLING OF THE COUNCIL WAS A FAILURE. SUCH A CONSIDERATION MAY NOT (NOT) WORRY ANDREOTTI WHO IS A PAST MASTER AT THE RUTHLESS EXERCISE OF POWER. BUT I THINK IT MAY WORRY DE MICHELIS AND IT HAS CERTAINLY UPSET THE MFA HIERARCHY HERE. THE COUNCIL ALSO DEMONSTRATED ITALIAN INABILITY TO STAND UP TO THE GERMANS. THAT IS AN UNCOMFORTABLE REALISATION FOR ITALIANS. THEIR DIFFICULTIES WITH THE GERMANS HAVE BEEN FURTHER EXACERBATED BY THE CURRENT ISSUE OF WILLY BRANDT'S MISSION TO IRAQ AND KOHL'S ATTEMPT TO EMBROIL ANDREOTTI IN SEEKING THE U.N. SECRETARY-GENERAL'S ENDORSEMENT FOR IT. TOO MANY THINGS ARE HAPPENING AT ONCE AND THE ITALIAN MACHINERY IS STARTING TO CREAK. MY GUESS IS THAT THE ITALIANS ARE IN UNCERTAIN MOOD. WE SHALL NEED TO HANDLE THEM SENSITIVELY, JUST AS THEY OUGHT TO DO THE SAME FOR US.

9. IN GENERAL, I CONCLUDE THAT WE SHOULD PUT THE LAMENTABLE OCTOBER COUNCIL BEHIND US, AND ADOPT A POLICY OF BUSINESS AS USUAL IN THE RUN UP TO THE DECEMBER MEETING. I HOPE THAT MINISTERS WILL MAINTAIN THE RHYTHM OF BILATERAL EXCHANGES ON EC ISSUES: PERHAPS WE COULD HAVE A FEW MORE PERSONAL MESSAGES FROM THE SECRETARY OF STATE TO DE MICHELIS, AND FROM THE CHANCELLOR TO CARLI? IT MAY ALSO BE EXPEDIENT TO FIRM UP WELL BEFORE ROME II THE DATE OF THE NEXT TOP

ANGLO-ITALIAN BILATERAL, DUE NEXT FEBRUARY OR MARCH. MRS THATCHER TOLD ME ON 28 OCTOBER THAT SHE WOULD LIKE THIS TO BE HELD IN FLORENCE, WHICH SHE HAD NOT VISITED FOR AT LEAST THIRTY YEARS. WHEN I PASSED HER WISH ON TO DE MICHELIS AND UMBERTO VATTANI, BOTH SAID IT WOULD BE EASY TO ARRANGE.

10. VATTANI IS ALSO KEEN FOR THE PRIME MINISTER TO ACCEPT AN HONORARY DEGREE FROM TURIN UNIVERSITY, PERHAPS FLYING UP FROM FLORENCE. I AM NOT (NOT) CONVINCED OF THE TIMELINESS OF THIS IDEA, AND AM REPORTING ON IT DIRECT TO C POWELL (PLEASE PROTECT).

EGERTON

RFLNAN 9434



PERSONAL AND CONFIDENTIAL

FROM: PS/Mr Garel-Jones

DATE: 8 November 1990

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- Mr Jones Parry, ECD(E)
- Mr Mower, News Dept
- Sir Stephen Egerton,
Rome
- Mr Kerr, UKRep Brussels

Mr Jay ✓

pr: mu. 9/11/90

ROME I EUROPEAN COUNCIL

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1. Mr Garel-Jones was grateful to see your minute of 6 November submitting Sir Stephen Egerton's telegram on the prospects for Anglo-Italian relations and Rome II. He thinks that German bullying (if it continues) may actually help us at the next European Council.
2. As you may be aware, the Minister made a point of making some complimentary remarks about Italy and De Michelis in the press interview he gave in Rome on Tuesday.

Nicola Brewer

Nicola Brewer
Private Secretary to
Mr Tristan Garel-Jones