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TO IMMEDIATE FCO
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FRAME EXTERNAL

FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, 18 JUNE

MIPT:

EPC: ASSISTANCE TO SOVIET UNION

SUMMARY

1. PRESSURE, PARTICULARLY FROM COMMISSION, NETHERLANDS, BELGIUM AND ITALY, FOR MAJOR FOCUS AT DUBLIN EUROPEAN COUNCIL ON EAST/WEST RELATIONS, AND NOTABLY POSSIBLE ASSISTANCE TO THE SOVIET UNION. UK CAUTIOUS ON POTENTIAL SCOPE FOR SUCH ASSISTANCE.

DETAIL

2. MEETING IN EPC OVER LUNCH, MINISTERS RESUMED THE DEBATE ON POSSIBLE ASSISTANCE TO THE SOVIET UNION WHICH HAD BEEN TOUCHED ON BRIEFLY IN THE COUNCIL DURING THE EXCHANGES ON THE HOUSTON G7 SUMMIT (SEE MIPT).

3. DELORS (COMMISSION) SAID THAT THERE WAS GROWING PRESSURE TO HELP THE SOVIET UNION, AND SOME LARGE SUMS (WHICH NEITHER HE NOR SUBSEQUENT SPEAKERS SPECIFIED) HAD BEEN MENTIONED AT THE SHERPAS' MEETING OVER THE WEEKEND. THE EAST EUROPEANS WERE ALSO PRESSING THE COMMUNITY TO HELP. THE ABSENCE OF RELIABLE INFORMATION WAS A MAJOR OBSTACLE. IT WAS IMPORTANT THAT THE TWELVE SHOULD DISCUSS THESE MATTERS BEFORE HOUSTON, AND IT WOULD BE A MISTAKE FOR ONE MEMBER STATE (BY IMPLICATION THE FRG) TO TAKE ANY INITIATIVE BEFORE THAT. DE MICHELIS (ITALY) SAID THAT A POLITICAL DECISION WOULD BE NEEDED AT HOUSTON, BUT THE COMMUNITY SHOULD REACH A POSITION BEFORE THEN. THE CONCEPT AND PRACTICE OF CONDITIONALITY NEEDED TO BE RE-THOUGHT.

4. YOU NOTED THAT THERE WAS INCREASING DEBATE ABOUT HELPING THE SOVIET UNION, BUT THAT THE PROBLEMS INHERENT IN SUCH ASSISTANCE WERE NOT EASY TO RESOLVE. THERE WAS A DIFFERENCE BETWEEN SUCH ASSISTANCE AND THE SEPARATE ARRANGEMENTS BEING DISCUSSED BETWEEN THE GERMANS AND THE SOVIET UNION IN THE CONTEXT OF GERMAN UNIFICATION, FOR EXAMPLE SOVIET TROOP COSTS. THE SOVIET UNION WAS A COUNTRY, RICH IN RESOURCES BUT WITH A UNIQUE HISTORY OF MIS-GOVERNMENT. IT WOULD BE A MAJOR MISTAKE FOR THE COMMUNITY TO REPEAT THE ERRORS OVER EG POLAND AND TO RUSH INTO AN AID PROGRAMME, INVOLVING LARGE CREDITS, BEFORE A PROPER STUDY HAD BEEN CONCLUDED. PROGRAMMES FOR TRAINING AND KNOW-HOW ASSISTANCE WERE VIA DIFFERENT CATEGORY. THE ENTIRE ISSUE NEEDED FURTHER DISCUSSION WITHIN THE COMMUNITY AND WITH THE US.

5. VAN DEN BROEK (NETHERLANDS) EXPRESSED CONCERN THAT A SUBSTANTIVE DECISION MIGHT BE TAKEN AT THE HOUSTON SUMMIT. HE NOTED THAT DELORS AND ANDRIESEN WOULD BE GOING TO MOSCOW AT THE END OF JULY AND URGED THAT THEIR REPORT SHOULD BE AWAITED. THE G24 WAS THE MINIMAL FRAMEWORK WITHIN WHICH SUCH ASSISTANCE COULD BE PROVIDED. MRS ADAM-SCHWAETZER (FRG) REFERRED TO THE GERMAN-SOVIET WORKING GROUP ON UNIFICATION AND POSSIBLE ASSISTANCE. THE SOVIET UNION WAS ALSO SEEKING INTEGRATION INTO THE GLOBAL ECONOMY. KOHL WOULD BE ADDRESSING HIS COLLEAGUES ON THE SUBJECT BEFORE HOUSTON.

6. EYSKENS (BELGIUM) ARGUED THAT THE COMMUNITY WOULD BE JEOPARDISED IF THE HOUSTON SUMMIT TOOK SUBSTANTIVE DECISIONS BEFORE AN EC POSITION HAD BEEN REACHED. A POSITIVE RESPONSE TO SOVIET NEEDS WAS REQUIRED, INCLUDING PERHAPS HELP TO CREATE A PAYMENTS UNION. POOS (LUXEMBOURG) AGREED WITH YOUR APPROACH. ECONOMIC REFORM IN THE SOVIET UNION WAS REQUIRED BEFORE THEY WOULD MERIT FURTHER ASSISTANCE, BUT IT MIGHT BE POSSIBLE TO HELP THEM WITH THE PURCHASE OF OIL AND OTHER RAW MATERIALS. FERNANDEZ-ORDONEZ (SPAIN) SUGGESTED THAT AN EC STATEMENT OF ITS POSITION WAS NEEDED FOR HOUSTON.

7. DUMAS (FRANCE) THOUGHT THAT THE SOVIET ECONOMY MIGHT EVEN COLLAPSE BEFORE THE END OF JUNE. AN IMMENSE AND URGENT EFFORT OF ASSISTANCE WAS NEEDED. COORDINATION OF THIS SHOULD START IN THE COMMUNITY, AND A POSITIVE RESPONSE WAS CRUCIAL. DE DEUS PINHEIRO (PORTUGAL) ARGUED THAT THE CONCEPT OF CONDITIONALITY NEEDED TO BE REVISED, BUT THE NEW VERSION SHOULD BE CLEARLY IMPLEMENTED. THE DUBLIN EUROPEAN COUNCIL SHOULD ISSUE GUIDANCE ON THESE POINTS.

8. DELORS, AFTER REFERRING TO ANDRIESEN'S SPEECH IN BERLIN ON 1 JUNE, SUGGESTED THAT THE DUBLIN SUMMIT SHOULD SPEND PLENTY OF TIME ON EAST/WEST RELATIONS AND CSCE ISSUES. HE DISPARAGED THE RECENT

LETTER FROM SHEVARDNADZE, WHOSE PROPOSALS WOULD MERELY LEAD TO EXCESSIVE BUREAUCRACY AND WOULD NOT PROVIDE MUCH HELP TO ANYONE. MRS ADAM-SCHWAETZER SUGGESTED THAT CSCE INSTITUTIONS COULD BE HELPFUL IN ASSISTING THE SOVIET UNION. VAN DEN BROEK THOUGHT THAT THE OECD COULD ALSO HELP.

9. COLLINS DID NOT PROVIDE ANY SPECIFIC CONCLUSIONS BUT NOTED THAT THE VERY SERIOUS PROBLEMS WHICH HAD BEEN RAISED WOULD BE IN THE MINDS OF ALL MINISTERS AT DUBLIN.

10. COMMENT: THE DISCUSSION TODAY WAS INITIATED BY DELORS ON THE BASIS OF WHAT HE HAD HEARD FROM HIS SHERPA. IT HAS AROUSED STRONG PRESS INTEREST. IT IS CLEAR THAT DEBATE AT DUBLIN WILL NOW FOCUS SHARPLY ON THE ISSUE OF AID TO THE SOVIET UNION, AND THAT WE SHALL NEED TO GET OUR OWN APPROACH, INCLUDING OUR LINE ON COORDINATION (G24, EBRD, OECD ETC.) DEFINED BEFORE THEN. THERE IS AN OBVIOUS RISK THAT, WITH COMMISSION ENCOURAGEMENT, THE NON-G7 MEMBERS OF THE COMMUNITY WILL PRESS HARD AT DUBLIN FOR A PRECISE EC POSITION TO BE AGREED THEN, IN ORDER TO AVOID THE IMPRESSION THAT ONCE MORE THEY HAVE BEEN PRESENTED WITH A FAIT ACCOMPLI AT HOUSTON.

CAMPBELL

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ADDITIONAL 1

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