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TO IMMEDIATE FCO

TELNO 686

OF 301745Z NOVEMBER 88

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RHODES COUNCIL: ITALIAN EXPECTATIONS

SUMMARY

1. ITALIANS UNLIKELY TO SPRING SURPRISES. ANDREOTTI HOPES THAT THE ARAB/ISRAEL PROBLEM WILL NOT BE ALLOWED TO SWEEP EVERYTHING ELSE OFF THE TABLE. HE MAY URGE MORE HELP FOR YUGOSLAVIA.

DETAIL

2. CONTACTS WITH ANDREOTTI AND SENIOR ITALIAN OFFICIALS OVER THE LAST FEW DAYS DO NOT SUGGEST THAT THE ITALIANS HAVE ANYTHING UP THEIR SLEEVES FOR RHODES. ANDREOTTI LOOKS ON IT AS AN OPPORTUNITY FOR QUIET DISCUSSION MORE THAN MAJOR DECISIONS OR STATEMENTS OTHER THAN THOSE ALREADY PREPARED. HE HOPES IT MAY BE AN OPPORTUNITY TO GIVE A MESSAGE OF ENCOURAGEMENT AT A HIGH LEVEL FOR PROGRESS TOWARDS CLOSER INTEGRATION AT A LATER STAGE.

COMMUNITY ISSUES.

3. THE ITALIAN TREASURY, AT LEAST AT SENIOR OFFICIAL LEVEL, REGARDS THE GREEK PRESIDENCY AS HAVING BEEN A BIT OF A MESS. SARCINELLI, WHO IS TO REPLACE SIR G LITTLER AS CHAIRMAN OF THE MONETARY COMMITTEE THOUGHT THE GREEKS HAD CHOSEN TO TRY TO MAKE PROGRESS IN A NUMBER OF AREAS WHERE THE ISSUES WERE NOT RIPE. INSTEAD OF MAKING PROGRESS, THEY HAD SET IT BACK. ON THE MONETARY FRONT, HE DOES NOT EXPECT DELORS TO HAVE A LOT TO SAY. NOR DOES HE EXPECT THE SPANISH PRESIDENCY WILL IN THE EVENT BE ABLE TO MAKE MUCH PROGRESS. SARCINELLI THINKS THAT THE TIME FOR DECISIONS ON MONETARY QUESTIONS IS LIKELY TO BE IN THE EARLY STAGES OF THE FRENCH PRESIDENCY.

MIDDLE EAST.

4. ANDREOTTI TOLD AMBASSADORS OF THE TWELVE OVER LUNCH ON 30

NOVEMBER THAT HE HOPED THE PALESTINIAN PROBLEM WOULD NOT BE ALLOWED TO SWEEP EVERYTHING ELSE OFF THE TABLE AT RHODES. HE REGRETTED THE US DECISION TO REFUSE A VISA TO ARAFAT AND HOPED THAT A FACE-SAVING FORMULA MIGHT BE FOUND WHICH WOULD ENABLE THEM TO REVERSE IT. ALTERNATIVELY, ARAFAT IF HE WAS WISE, MIGHT DECIDE NOT TO GO. ANDREOTTI WAS CONCERNED THAT THE RECENT COURSE OF EVENTS MIGHT SET BACK THE TREND THROUGHOUT THE MIDDLE EAST (INCLUDING MAHGREB) TOWARDS GREATER CALM.

5. RETURNING TO THE PALESTINIAN PROBLEM HE SAW LITTLE SCOPE FOR THE RHODES COUNCIL TO DO MORE IN PUBLIC THAN TO CONFIRM THE POSITION TAKEN UP BY THE TWELVE FOREIGN MINISTERS AFTER THE ALGIERS PNC MEETING. THE JORDANIAN RESOLUTION AND THE 'BIZARRE SUGGESTION' THAT THE UN GENERAL ASSEMBLY SHOULD MOVE TO GENEVA FOR DISCUSSION OF THE PALESTINIAN ITEM SHOULD HAVE BEEN DISPOSED OF BEFORE RHODES. ANDREOTTI'S MAIN WORRY WAS THAT THE ROOT OF THE US PROBLEM MIGHT BE A FUNDAMENTAL UNWILLINGNESS TO TACKLE THE ARAB/ISRAELI PROBLEM. HE FEARED IN ADDITION THAT THE ISRAELI COALITION MIGHT PROVE A RECIPE FOR IMMOBILISM. THESE WOULD BE QUESTIONS FOR DISCUSSION AT RHODES BUT NOT FOR ANY NEW STATEMENT. THE TRICK WOULD BE TO CONVINCE THE PRESS THAT THE FACT THAT THE TWELVE HAD NOTHING NEW TO SAY ON THE SUBJECT DID NOT MEAN THAT THEY HAD 'FALLEN OUT OVER IT.

YUGOSLAVIA.

6. IN AN ASIDE DURING A DISCUSSION OF SOVIET AND EASTERN EUROPEAN AFFAIRS, ANDREOTTI VOLUNTEERED THAT THE COMMUNITY HAD NOT SO FAR GIVEN SIGNIFICANT HELP TO YUGOSLAVIA AND HE THOUGHT THE TIME MIGHT NOW HAVE COME TO DO SO. HE HAD SEEN THE YUGOSLAV FOREIGN MINISTER RECENTLY AND HAD FOUND HIM CONFIDENT THAT THINGS WERE CALMING DOWN. ANDREOTTI HOPED THAT PAPANDREOU, AS PRIME MINISTER OF THE EC MEMBER COUNTRY MOST CLOSELY AFFECTED BY DEVELOPMENTS IN YUGOSLAVIA, WOULD OFFER AN APPRECIATION OF THE PROBLEMS THERE AND SOME IDEAS OF HOW THE COMMUNITY COULD CONTRIBUTE.

THE WIDER WORLD.

7. ANDREOTTI UNDERLINED THAT THE RHODES COUNCIL WOULD BE AN OPPORTUNITY TO SHOW THAT THE SINGLE EUROPEAN ACT DID NOT REFLECT A SPIRIT OF CLOSING DOORS AGAINST THE OUTSIDE WORLD. THE COMMUNITY NEEDED TO SHOW THAT THE DRIVE TO WORK MORE CLOSELY TOGETHER WAS COMPLEMENTED BY AN EQUAL DRIVE TO BE MORE OPEN TO THE OUTSIDE WORLD, ALWAYS ASSUMING AN APPROPRIATE DEGREE OF RECIPROCITY. IT

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WAS UNDERSTANDABLE THAT STATESMEN OUTSIDE EUROPE WERE WORRIED. THEY
NEEDED REASSURANCE THAT THE COMMUNITY WAS NOT BENT ON AUTARCHY.

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