

PRIME MINISTER

EUROPEAN COUNCIL

I will let you have the briefs for the European Council on the aircraft. The flight to Rhodes is some four hours, so there will be plenty of time to look at them then.

Organisation of the meeting

You will have bilateral meetings with Chancellor Kohl, Mr. Haughey and Mr. Lubbers in your suite on the Friday morning. The Council itself starts with lunch at 1330. The afternoon will be devoted to discussion of the prospects for the further development of the Community. In practice this should be a 'take note' debate on the Commission's report on progress with the internal market. Other members states are likely to comment also on the social dimension, possibly also on tax approximation and on monetary cooperation. But no decisions are required or expected. The French may raise their ideas on audio-visual and the Greeks may try to sneak in a commitment to study the problems of small islands. This is a blatant attempt to extract yet more money and will need to be sat on firmly.

Also in this afternoon session there will be a discussion on the environment. A draft statement has already been prepared and is broadly acceptable. You may want to add a reference to our Conference in London in March.

Over dinner it is envisaged that Heads of Government will discuss international issues, in particular East/West, the Middle East and the Community's relations with the rest of the world post-1992. The Middle East might be quite difficult: some of the others want to move the Twelve's position forward a step on the PLO.

CONFIDENTIAL

Again a draft statement has been prepared which looks generally acceptable, indeed quite helpful in what it says on the need for the Community to be outward-looking and resist becoming a fortress Europe.

On the Saturday morning you will discuss the conclusions, which are likely to be fairly thin unless the Greeks try something preposterous, followed by press conferences, TV interviews and departure.

Briefs

The briefs give you speaking notes on all the main issues, together with background. You will want to give particular attention to your opening statement on the single market. To my mind, there is much to be said for your including in this some remarks about frontier controls, in the light of recent terrorist incidents and the feebleness of some of our partners. At the moment the briefs suggest that you only raise this in response to others.

You will also probably need to deploy the separate speaking notes on the social dimension and on tax approximation as the discussion develops. I think monetary cooperation is less likely to be an issue this time.

For the evening discussion you will want to talk about the prospects for East/West relations, your visit to Poland, the likely policies of the new US Administration, the need to avoid trade disputes with the US and to reassure them about the implications of 1992, and the importance of making a success of the GATT Mid-Term meeting.

Presentation

The media - or the British media anyway - will probably focus almost entirely on what you say (and do) to Mr. Martens and Mr. Haughey. There is something to be said for your tackling Martens right at the beginning, before the Council even

CONFIDENTIAL

CONFIDENTIAL

starts, so that we can get the issue out of the way. I am sure you will find a few well-chosen words (!). Your bilateral with Haughey is also early on.

The media are also likely to be looking for a row over your Bruges speech. You will want to make clear that, far from isolating us in the Community, the approach in your speech is in practice the one which the Community is following. Far from being isolated, it's we who are setting the agenda and the tone.

C.D.P.

(C. D. POWELL)

30 November 1988

CONFIDENTIAL