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ROME: PLEASE PASS TO PS/CHANCELLOR OF THE EXCHEQUER

DUBLIN TELS NOS 382 TO 387  
EUROPEAN COUNCIL: 28 APRIL

1. THIS EUROPEAN COUNCIL ENDED UP BEING CALLED SPECIAL: INFORMAL IT WAS NOT. IN THE EVENT IT WAS A CUT-DOWN VERSION OF A NORMAL EUROPEAN COUNCIL COMPRESSED INTO ONE DAY WITH ONE WORKING MEAL AND WITH A FULL SET OF WRITTEN CONCLUSIONS.

2. OF THE TWO SUBJECTS WITH WHICH THIS MEETING WAS ORIGINALLY BILLED TO DEAL, ONE (THE EC IMPLICATIONS OF GERMAN UNIFICATION) WAS DISCUSSED IN EXTENSO, THE OTHER (RELATIONS WITH EASTERN EUROPE) HARDLY AT ALL. IN BOTH CASES, THE COMMISSION'S PAPERS WERE BROADLY APPROVED AND THE SETTLING OF AGREED CONCLUSIONS GAVE RISE TO NO CONTROVERSY.

3. THE LENGTHY DISCUSSION ON GERMAN UNIFICATION WAS UNREMARKABLE BUT THERE WAS A WELCOME EMPHASIS ON THE NEED FOR THE UNIFIED GERMANY TO BE IN NATO. DELORS' RENEWED ATTEMPT TO GET SPECIAL AID FOR THE GDR PRE-UNIFICATION WAS RAPIDLY SCOTCHED ONCE KOHL HAD MADE IT CLEAR HE WAS NOT IN THE MARKET FOR SUCH FUNDS. IN THE NEXT FEW WEEKS AND MONTHS ATTENTION IS LIKELY TO FOCUS MORE ON GMU AND ITS ECONOMIC COUNTERPART, TOGETHER WITH THE NEED TO ENSURE FULL ACCESS TO THE GDR FOR THE COMPANIES AND INVESTORS OF OTHER MEMBER STATES, THE IMPORTANCE OF MAKING NEW GDR LEGISLATION SINGLE MARKET COMPATIBLE AND THE PROBLEMS OF COMPETITIVE POLICY, THAN IT WILL ON THE DETAILS OF GDR INCORPORATION INTO THE COMMUNITY. SUBJECT TO THERE BEING NO UNEXPECTED ACCELERATION IN THE UNIFICATION TIMETABLE, THE LATTER ISSUES ARE UNLIKELY TO GO TO THE COUNCIL FOR DECISION MUCH BEFORE THE END OF THE YEAR, WHEN WE CAN EXPECT TO RECEIVE THE OVERALL

REPORT BY THE COMMISSION CALLED FOR IN THE EUROPEAN COUNCIL CONCLUSIONS, WHICH OUGHT ITSELF TO BE A USEFUL TOOL FOR KEEPING THE MANY DISPARATE SECTORAL TECHNICAL ISSUES IN SOME SORT OF COHERENT SHAPE. MEANWHILE REGULAR PROGRESS REPORTS WILL BECOME A FEATURE OF BOTH THE FOREIGN AFFAIRS AND ECOFIN COUNCILS AND WILL PROVIDE AN OPPORTUNITY TO TAKE UP PROBLEMS SHOULD ANY ARISE.

4. THE PICTURE ON RELATIONS WITH CENTRAL AND EASTERN EUROPE WILL BE CLARIFIED. A SERIES OF NEGOTIATIONS FOR ASSOCIATION AGREEMENTS WILL GET UNDER WAY. THERE WILL NO DOUBT BE SOME JOCKEYING FOR POSITION AMONGST THE EASTERN EUROPEANS THEMSELVES, WITH THE NORTHERN TIER (POLAND, HUNGARY, CZECHOSLOVAKIA) AND YUGOSLAVIA LIKELY TO BE TO THE FORE. THE MUCH THORNIER ISSUE OF THE COMMUNITY'S RELATIONS WITH THE SOVIET UNION DID NOT ARISE ALTHOUGH THE FRANCO-GERMAN MOVE ON LITHUANIA CAME IN FOR SOME WELL-DESERVED CRITICISM AND THE POSSIBILITY OF HUMANITARIAN AID TO THE LITHUANIANS WAS REMITTED TO THE COMMISSION FOR STUDY.

5. AS EXPECTED EMU WAS HARDLY ADDRESSED AT THIS MEETING APART FROM A SKIRMISH OVER A SNEAKY IRISH PRESIDENCY ATTEMPT TO GET SOCIAL AND ECONOMIC COHESION GIVEN GREATER PROMINENCE THAN IT HAD RECEIVED IN THE MADRID AND STRASBOURG EUROPEAN COUNCILS. THE DRAFTING WAS IMPROVED BUT THE PROBLEM WILL NOT GO AWAY. AT THE JUNE DUBLIN EUROPEAN COUNCIL WE MAY NOT GET OFF SO LIGHTLY ON EMU: AND ALTHOUGH THERE IS TO BE NO QUESTION OF TAKING ANY DECISION THEN AND THERE IS NO REAL LIKLIHOOD OF THE STARTING DATE OF THE EMU IGC ONCE MORE BECOMING A LIVE ISSUE, SOME OF THE MAIN QUESTIONS OF PRINCIPLE RELATING TO THE FORTHCOMING IGC ARE ALL TOO LIKELY TO SURFACE.

6. IT WAS USEFUL THAT THE OTHER THREE 'LABOURS OF HERCULES' (EFTA, THE URUGUAY ROUND AND COMPLETION OF THE SINGLE MARKET) WERE FORMALLY ENDORSED AS HIGH PRIORITIES. THE COMMISSION'S BIZZARE ANTICS OVER THE EFTA MANDATE CAME IN FOR A GOOD DEAL OF CRITICISM.

7. THE MAIN INTEREST, BOTH INSIDE AND OUTSIDE THE MEETING, FOCUSSED ON THE DISCUSSION BY THE HEADS OF GOVERNMENT ON POLITICAL UNION AND ITS SUBSEQUENT FOLLOW-UP, WITH THE DISCUSSION FIRMLY VALIDATING MANY OF THE POINTS WE HAVE BEEN MAKING THAT NEITHER OF THE CHIEF PROTAGONISTS OF POLITICAL UNION (FRANCE AND GERMANY) NOR ANYONE ELSE HAS A CLEAR IDEA OF WHAT THEY WANT OR WHAT THEY MEAN BY THE PHRASE: THAT FOR MANY POLITICAL UNION IS AN ATTRACTIVE LABEL TO BE ATTACHED TO QUITE MODEST CHANGES: THAT THERE ARE A NUMBER OF GENUINE WORRIES IN A NUMBER OF OTHER MEMBER STATES ABOUT THE PACE AT WHICH THIS MATTER IS BEING TAKEN FORWARD AND THE RISK OF OVERLOADING

THE COMMUNITY'S PLATE: AND THAT IN FACT MOST MEMBER STATES REGARD LARGE SLICES OF THEIR NATIONAL SOVEREIGNTY AS NO GO AREAS ALTHOUGH THEY DO NOT LIKE SAYING SO IN TERMS. BUT THE MOVE TOWARDS CALLING A SECOND INTERGOVERNMENTAL CONFERENCE WAS NOT STOPPABLE AND, REALISTICALLY, WE MUST EXPECT THAT DECISION TO BE TAKEN AT DUBLIN IN JUNE. MEANWHILE THE FOREIGN MINISTERS HAVE A TRICKY REMIT TO ANALYSE THE MEANING OF AND POTENTIAL NEED FOR POLITICAL UNION. OUR OWN ATTITUDE OF SCEPTICISM AND OUR DESIRE TO GET BEHIND THE SLOGANS TO THE REALITIES OF COMMUNITY LIFE WITH CERTAIN IDEAS OF OUR OWN ON MODEST CHANGES THAT COULD BE MADE, LEAVE US NOT BADLY PLACED FOR THE NEXT STAGE OF THE DEBATE IN WHICH MUCH ATTENTION WILL FOCUS ON THE GREAT MYSTERY OF SUBSIDIARITY.

8. FINALLY, AS A TAILPIECE, THE EUROPEAN COUNCIL PICKED UP WITH ITS FINGERTIPS AND RAPIDLY DROPPED AS TOO HOT TO HANDLE THE ISSUE OF SITING OF INSTITUTIONS (THERE WAS IN FACT NO DISCUSSION OF THE SITE OF INSTITUTIONS CURRENTLY AT ISSUE, INCLUDING THE EBRD). NEITHER THIS EPISODE NOR THE IRISH PRESIDENCY'S UNWILLINGNESS TO CHANCE ITS ARM IN AN ATTEMPT TO BREAK THE DEADLOCK AUGUR WELL FOR THE HANDLING OF THE NEXT STAGES OF THIS QUESTION WHICH HAS THE UNFORTUNATE BUT INEVITABLE CHARACTERISTIC OF LEAVING BEHIND MORE LOSERS THAN WINNERS. THE FRENCH DECISION TO INSIST THAT THE PROBABLE SECOND IGC WILL HAVE TO SETTLE THE DEFINITIVE SITING OF THE PRINCIPLE INSTITUTIONS (EUROPEAN PARLIAMENT, THE COMMISSION THE COUNCIL) MAY WELL STAND US IN GOOD STEAD IN HANDICAPPING SEVERAL OF THE MAIN PARTICIPANTS AND ALSO IN MAKING A RAPID OUTCOME LESS LIKELY

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