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TELNO 848  
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AND TO ROUTINE OTHER EC POSTS

(FRAME GENERAL)  
EUROPEAN COUNCIL, 27/28 OCTOBER: ITALIAN PRESIDENCY PLANS

## SUMMARY

1. JAY (AUS, FCO) VISITED ROME ON 10 OCTOBER FOR TALKS WITH NIGIDO, AUS EQUIVALENT IN THE ITALIAN FOREIGN MINISTRY. MOST OF THE DISCUSSION WAS ON THE ITALIAN PRESIDENCY'S PLANS FOR THE INFORMAL EUROPEAN COUNCIL ON 27/28 OCTOBER. THE COUNCIL TO GO AHEAD, DESPITE DOUBTS EXPRESSED AT ASOLO, WITH THE FOCUS LIKELY TO BE ON THE GULF, THE TWO IGCS, THE SOVIET UNION (INCLUDING AID), THE GATT URUGUAY ROUND, BUDGETARY PRESSURES (POSSIBLY: A DELORS IDEA), AND SITES OF THE INSTITUTIONS.

## DETAIL

2. NIGIDO SAID THAT IT NO LONGER SEEMED NECESSARY TO DO MORE THAN TOUCH ON GERMAN UNIFICATION OR PREPARATIONS FOR THE CSCE, WHICH HAD BEEN THE ORIGINAL JUSTIFICATION FOR CALLING THE SPECIAL COUNCIL. THERE WOULD NEED TO BE DISCUSSION OF CURRENT POLITICAL ISSUES, NOTABLY THE GULF. IN ADDITION, THE AGENDA SEEMED LIKELY TO COVER THE FOLLOWING ITEMS.

GATT URUGUAY ROUND

3. A PUSH TO THE NEGOTIATIONS MIGHT BE NEEDED, POSSIBLY INCLUDING A DECISION ON THE COMMUNITY'S AGRICULTURE OFFER IF AGRICULTURE, TRADE AND FOREIGN MINISTERS WERE UNABLE TO RESOLVE THE ISSUE FIRST. JAY STRESSED THE NEED TO SETTLE THE AGRICULTURE OFFER AS SOON AS POSSIBLE. AND PROTECTIONIST TENDENCIES RESULTING FROM THE GULF CRISIS MADE IT EVEN MORE IMPORTANT THAT THE ROUND AS A WHOLE SUCCEED.

AID TO SOVIET UNION

4. JAY SAID THAT THE COMMISSION SEEMED LIKELY TO PUT FORWARD MODEST PROPOSALS, CENTRING ON WELL-TARGETTED TECHNICAL ASSISTANCE, WITH DISCUSSION OF FINANCIAL AID TO AWAIT THE OUTCOME OF THE IMF DISCUSSIONS. WE THOUGHT THIS RIGHT. NIGIDO THOUGHT THIS TOO MINIMAL, AND TALKED OF SOMETHING ON DEBT AND EMERGENCY AID.



## EC/EFTA

5. NIGIDO SAID THE ITALIANS WERE WORKING ON NEW PROPOSALS FOR DECISION-SHAPING WHICH WOULD GIVE THE EFTANS WHAT THEY WANTED WITHOUT DILUTING THE COMMUNITY'S DECISION-TAKING PROCEDURES. THEY HAD HOPED TO HAVE PROPOSALS READY BY THE 22/23 OCTOBER FAC, BUT MIGHT JUST MISS IT. JAY STRESSED THE IMPORTANCE OF THE NEGOTIATIONS WITH THE EFTANS, LOOKED FORWARD TO SEEING THE ITALIAN PROPOSALS, AND SAID WE MIGHT HAVE IDEAS OF OUR OWN.

6. NIGIDO GAVE THE IMPRESSION THAT THE ITALIANS, LIKE DELORS AND THE FRENCH, NOW FEAR THE EFFECT OF THE EEA ON THE COMMUNITY'S COHESION. IN A BRIEF DISCUSSION OF ENLARGEMENT, HE GAVE THE IMPRESSION OF WANTING THE COMMUNITY DEEPENED QUICKLY TO AVOID SUBSEQUENT WIDENING, EXCEPT FOR AUSTRIA.

## COMMUNITY BUDGET

7. NIGIDO SAID DELORS MIGHT HAVE IN MIND A DISCUSSION OF THE PRESSURES ON THE COMMUNITY BUDGET FROM THE SOVIET UNION, EASTERN EUROPE, THE GULF, EC/GDR, AND AGRICULTURE, WITH A VIEW - NIGIDO IMPLIED - TO MAKING USE OF THE HEADROOM WITHIN THE OWN RESOURCES CEILING. JAY SAID THE KEY LIMIT WAS THE FINANCIAL PERSPECTIVE NOT THE OR CEILING. WE WERE CONSCIOUS OF THE DEMANDS ON THE BUDGET BUT COULD NOT ACCEPT ANY PRESUMPTION THAT THE FINANCIAL PERSPECTIVE SHOULD BE FURTHER INCREASED. THIS DID NOT SEEM A GOOD IDEA FOR THE EUROPEAN COUNCIL.

## SITES OF THE INSTITUTIONS

8. LIKELY TO BE DISCUSSED FOLLOWING ANDREOTTI'S PROGRESS ROUND CAPITALS: THE ITALIAN FOREIGN MINISTRY WERE NOT IN THE LEAD.

## EC/US AND EC/CANADA DECLARATIONS

9. A POSSIBLE ITEM. JAY SAID HE THOUGHT THESE WOULD BE SORTED OUT OUTSIDE THE EUROPEAN COUNCIL, AND STRESSED THE NEED FOR EQUAL PROGRESS ON EC/CANADA.

## THE IGCS

10. NIGIDO EXPECTED SUBSTANTIVE DISCUSSION OF BOTH IGCS AT ROME. HE SAID THE ITALIANS HAD HOPED THAT THE COUNCIL MIGHT BE ABLE TO AGREE A 'MANDATE' FOR BOTH BUT THIS NOW LOOKED UNLIKELY, PARTICULARLY FOR POLITICAL UNION (WHICH HE SAID DE MICHELIS NOW WANTED CALLED THE QUOTE POLITICAL DIMENSION UNQUOTE). INDEED, NIGIDO SEEMED TO THINK THAT SOME FORMAL MANDATE FOR BOTH IGCS WOULD BE NEEDED, TO BE AGREED AT THE DECEMBER EUROPEAN COUNCIL IF NOT IN OCTOBER. HE SPOKE



OF THE IGCS CONVENING AFTER THE DECEMBER COUNCIL IF THE QUOTE MANDATES UNQUOTE WERE NOT AGREED IN OCTOBER.

11. JAY SAID THE EUROPEAN COUNCIL COULD TAKE STOCK OF WORK ON POLITICAL UNION, BUT IT WOULD BE TOO EARLY FOR PRESCRIPTIONS. NONETHELESS, NIGIDO OBVIOUSLY HOPED THE EUROPEAN COUNCIL WOULD AT LEAST SET GUIDELINES FOR FUTURE WORK. HE MADE CLEAR THAT THE ITALIANS SEE WORK ON A COMMON FOREIGN AND DEFENCE POLICY AS THE KEY AREA: OTHER ISSUES WERE TIDYING UP THE SEA.

12. JAY SAID THAT ON EMU TOO THERE WAS A LOT OF WORK TO BE DONE. NIGIDO WAS WRONG TO SAY THAT ALL WAS OVER BAR A POLITICAL DECISION. EVEN ON STAGE II THERE WERE UK, SPANISH, AND DUTCH PROPOSALS, ALL OF WHICH NEEDED WORK. JAY REBUTTED THE SUGGESTION THAT OUR JOINING THE ERM MEANT WE WOULD NOW AGREE TO A SINGLE CURRENCY.

12. NIGIDO CONFIRMED THAT THE ITALIANS HAD WITHDRAWN THEIR PAPER ON THE IGC ORGANISATION CIRCULATED AT ASOLO, BUT STILL SPOKE OF THE NEED FOR FOREIGN MINISTERS TO TAKE PART ALONGSIDE FINANCE MINISTERS IN THE EMU IGC, MAINLY, IT SEEMS, SO GENSCHER CAN CONTROL WAIGEL. JAY SAID FINANCE MINISTERS SHOULD LEAD ALONE, WITH FOREIGN MINISTRIES REPRESENTED IN DELEGATIONS IF COUNTRIES WANTED THIS.

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