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 OF 301406Z OCTOBER 90
 INFO IMMEDIATE ROME, UKREP BRUSSELS
 INFO ROUTINE OTHER EC POSTS

FRAME GENERAL

EUROPEAN COUNCIL: GERMAN REACTIONS: EMU

SUMMARY

1. GERMAN PRESS GIVES PROMINENCE TO THE SETTING OF A DATE FOR STAGE
2. POEHL'S REACTION IS SCEPTICAL. COMMENT ON THE BRITISH POSITION HAS BEEN SOBER AND UNPOLEMICAL.

DETAIL

2. THE OUTCOME OF THE EUROPEAN COUNCIL HAS RECEIVED WIDE COVERAGE IN THE GERMAN PRESS, WITH THE MAIN FOCUS ON THE MAJORITY AGREEMENT TO MOVE TO STAGE 2 ON 1 JANUARY 1994. THE AGREEMENT ON A DATE IS GENERALLY REGARDED AS AN IMPORTANT POLITICAL STEP TOWARDS A COMMON CURRENCY AND AN INDEPENDENT EUROPEAN CENTRAL BANK. ALL REPORTS NOTE THAT PROGRESS IS TO BE REVIEWED AT THE LATEST THREE YEARS AFTER THE START OF STAGE 2 WITH A VIEW TO DECIDING ON THE FINAL STAGE. MANY NOTE THAT THE AGREEMENT IS ACCOMPANIED BY CERTAIN CONDITIONS WHICH MUST BE FULFILLED BEFORE MOVEMENT TO STAGE 2.

3. SPEAKING IN AN INTERVIEW, POEHL DESCRIBED KOHL'S AGREEMENT TO SET A DATE AS A POLITICAL GESTURE DESIGNED TO DEMONSTRATE GERMANY'S WILLINGNESS TO COOPERATE IN EUROPEAN INTEGRATION POEHL SAID THAT THE FURTHER ONE WAS FROM THE REALITIES, THE EASIER THE TRANSITION TO A COMMON CURRENCY APPEARED. ONCE ONE LOOKED AT THE DETAILS, THE REVOLUTIONARY NATURE OF THE MOVE BECAME CLEAR. GEMU HAD SHOWN THE CONSEQUENCES OF THRUSTING HETEROGENEOUS ECONOMIC STRUCTURES TOGETHER. THE FIXING OF EXCHANGE RATES WOULD MEAN THAT ADJUSTMENT FOR ECONOMIC DISEQUILIBRIA WOULD HAVE TO TAKE OTHER FORMS SUCH AS INCREASED UNEMPLOYMENT OR FINANCIAL TRANSFERS. THE BUNDESBANK THOUGHT, AS THE FEDERAL GOVERNMENT WELL KNEW, THAT PROGRESS TOWARDS A COMMON CURRENCY MUST BE MADE ON THE BASIS OF A HIGH DEGREE OF ECONOMIC CONVERGENCE, WHICH REALISTICALLY COULD NOT BE ACHIEVED IN TWO OR THREE YEARS IN SOME MEMBER STATES.

4. THE POSITION OF THE BRITISH GOVERNMENT HAS ATTRACTED EXTENSIVE PRESS COMMENT. SOME NEWSPAPERS CLAIM THAT THE BRITISH APPROACH HAS SHIFTED TOWARDS ACCEPTANCE OF THE PRINCIPLE OF A STAGED TRANSITION TO FULL ECONOMIC AND MONETARY UNION. CHANCELLOR KOHL'S WELCOME FOR BRITISH WILLINGNESS TO PLAY A CONSTRUCTIVE ROLE IN THE IGC IS NOTED. REPORTS EMPHASISE THAT THE UK WAS ALONE IN OPPOSING A DATE FOR THE START OF STAGE 2 AND MANY NEWSPAPERS USE THE ANALOGY OF A BRITISH FOOT ON THE BRAKE. SOME COMMENT SUGGESTS THAT THE BRITISH GOVERNMENT IS DIVIDED ON THE ISSUE AND THAT IT WILL EVENTUALLY GIVE WAY. THERE IS, HOWEVER, A RECOGNITION THAT MANY IN THE FRG WERE ALSO OPPOSED TO A FIRM TIMETABLE. ONE PAPER DESCRIBES THE SETTING OF A DATE BEFORE THE CONTENT OF STAGE 2 IS KNOWN AS QUOTE A PIG IN A POKER UNQUOTE. IN GENERAL COMMENT ON THE BRITISH POSITION IS SOBER AND FACTUAL, WITH A MARKED ABSENCE OF POLEMICS.

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EUROPEAN COUNCIL: REACTIONS IN BELGIUM

SUMMARY

1. PRESS COVERAGE MAINLY FACTUAL, CONCENTRATING ON TIMETABLE FOR EMU, AND NOTING BRITISH ISOLATION ON MONETARY AND POLITICAL UNION. SOME CRITICISM OF FAILURE TO AGREE GATT AGRICULTURE PACKAGE.

DETAIL

2. REPORTING ON THE EUROPEAN COUNCIL HAS BEEN LARGELY FACTUAL, AND HAS TAKEN SECOND PLACE TO DEVELOPMENTS IN RWANDA. MOST PAPERS CONCENTRATE ON EMU, WELCOMING THE OUTCOME AS A MAJOR STEP TOWARDS A SINGLE CURRENCY. FAILURE TO AGREE ON GATT AGRICULTURE, AND THE OTHER SUBJECTS DISCUSSED, RECEIVE LESS ATTENTION. REPORTED COMMENTS BY MARTENS AND EYSKENS MIRROR THEIR POSITIONS AT THE MEETING, WHICH EYSKENS DESCRIBED AS QUOTE KEEPING A LOW PROFILE UNQUOTE. HE ALSO COMMENTED THAT THE MEETING HAD ENDED ON A SOUR NOTE, WITH LACK OF AGREEMENT ON GATT AGRICULTURE, AND THE UK'S HARDLINE STANCE, THREATENING TO UNDERMINE PROGRESS TOWARDS MONETARY AND POLITICAL UNION. MARTENS' PLEA FOR A FEDERAL EUROPE, WHICH WOULD ACT AS A MAGNET FOR EASTERN EUROPE, IS REPORTED IN SOME PAPERS. HE IS ALSO REPORTED TO BE CONCERNED THAT BRITISH INTRANSIGENCE WILL MAKE THE WORK OF THE INTER-GOVERNMENTAL CONFERENCES MORE DIFFICULT.

3. LA LIBRE BELGIQUE NOTES THAT FOR BELGIUM PHASE 2 OF EMU WILL ENTAIL MAJOR CHANGES IN BUDGETARY POLICY, PARTICULARLY THE FINANCING OF PUBLIC DEFICITS. RAPID PROGRESS TO PHASE 3 WOULD MINIMISE DIFFICULTIES DURING THE TRANSITIONAL PERIOD. IT RECORDS THE VIEWS OF BRITISH MINISTERS THAT SETTING A DATE FOR PHASE 2 BEFORE DECIDING ON ITS CONTENT IS PUTTING THE CART BEFORE THE HORSE. IT CONCLUDES THAT NEGOTIATIONS AT THE IGC WILL BE DIFFICULT, NOT ONLY BECAUSE OF BRITISH VIEWS, BUT ALSO BECAUSE OF LACK OF UNANIMITY ON THE PRECISE NATURE OF THE PROPOSED EUROPEAN CENTRAL BANK.

4. FOR L'ECHO, ANDREOTTI HAS REASON TO CELEBRATE THE UNEXPECTEDLY SUBSTANTIAL PROGRESS MADE AT THE SUMMIT TOWARDS MONETARY AND POLITICAL UNION, DESPITE THE GENERAL RESERVES EXPRESSED BY THE UK. IT REPORTS THE PRIME MINISTER'S COMMENTS THAT AN IMPOSED SINGLE CURRENCY WOULD NOT BE ACCEPTABLE TO THE BRITISH PEOPLE, NOTING THAT BRITAIN APPEARS MORE ISOLATED THAN EVER BEFORE. FOR THE OTHER FINANCIAL DAILY, TIJD, BRITISH OPPOSITION TO AN IMPOSED SINGLE CURRENCY DOES NOT RULE OUT EVENTUAL BRITISH ACCEPTANCE OF MONETARY UNION. THE HARD ECU WOULD ALSO ALLOW EVOLUTION TOWARDS A SINGLE CURRENCY. LACK OF AGREEMENT ON GATT AGRICULTURE OFFERED THE PRIME MINISTER AN OPPORTUNITY TO PORTRAY HERSELF AS A STRONG FREE-TRADER UNLIKE PROTECTIONISTS SUCH AS MITTERAND AND KOHL. IT CONCLUDES THAT BRITAIN'S OBSOLETE NATIONALISM AND KOHL'S FANATICAL ELECTORAL CONCERNS ARE EQUAL ILLS FOR THE EC.

5. FOR DE STANDAARD (FLEMISH CONSERVATIVE) FAILURE, PARTICULARLY BY FRANCE, TO AGREE ON THE GATT AGRICULTURE PACKAGE THREW A SHADOW OVER AN OTHERWISE EXCELLENT OUTCOME. FOR LE SOIR (FRANCOPHONE CONSERVATIVE) ANDREOTTI'S STRATEGY WAS TO PUSH THE UK INTO A CORNER. IT ASSESSES THAT HE PROBABLY HOPES BRITISH PRAGMATISM WILL LEAD TO CONCESSIONS, BUT THAT THIS PLOY COULD BE DANGEROUS. TODAY'S EDITION REVIEWS BRITISH PRESS COMMENT ON BRITAIN'S ISOLATION, AND THE EMERGING DIVISIONS WITHIN THE CONSERVATIVE PARTY OVER THE EC.

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ROME EUROPEAN COUNCIL 27-28 OCTOBER: PORTUGUESE PRESS REACTIONS

SUMMARY

1. EMU DOMINATES. UK ISOLATION HIGHLIGHTED.

DETAIL

2. 29 OCTOBER PRESS COVERAGE IN PORTUGAL CONCENTRATED ON THE SELECTION OF 1 JAN 1994 AS THE DATE FOR BEGINNING STAGE 2 OF EMU. DIARIO DE NOTICIAS HEADLINE WAS 'TWELVE (SIC) ADVANCE MONETARY UNION': THE TEXT BY LONDON CORRESPONDENT FERNANDO DE SOUSA (IN ROME) WAS FACTUAL AND FAIR. DIARIO ECONOMICO HAD 'EVERYBODY AGAINST THE IRON LADY', BUT AGAIN WITH A FACTUAL TEXT. PUBLICO SAW THE NAMING OF THE DATE AS A TRIUMPH FOR ANDREOTTI AND SAID THAT HE PUSHED HARD FOR THE SUCCESS PARTLY OUT OF PIQUE AT EARLIER REMARKS BY THE PRIME MINISTER ABOUT THE ITALIAN PRESIDENCY. ELSEWHERE PUBLICO ASSERTED THAT 'PROBABLY WITHOUT THE STRONG OPPOSITION OF THE BRITISH LEADER THE ITALIANS WOULD NEVER HAVE GOT SUCH STRONG UNANIMITY'. MORE HELPFULLY CORREIO DA MANHA HAD 'HALF A VICTORY FOR THATCHER', MEANING THAT INSISTING ON RAISING THAT GATT ROUND AT LEAST EXPOSED THE VULNERABILITY OF THE FRENCH AND GERMANS TO CRITICISM ON THAT SCORE.

3. BY 30 OCTOBER THE COUNCIL IS MOSTLY OUT OF THE PRESS, BUT DE SOUSA HAS A THOUGHTFUL ARTICLE IN DN: 'THE SPECIAL SITUATION OF GREAT BRITAIN IS NOT UNUSEFUL AND HOLDS IMPORTANT MESSAGES FOR OTHER COUNTRIES WHICH MAY FIND THEMSELVES IN OPPOSITION TO THE MAJORITY... THE CONVCIONS OF LONDON MAY WELL CONTRIBUTE BY DRAWING A CONTRAST WITH THE MAJORITY AND RAISING DOUBTS WHICH NEED TO BE RAISED.' HE GOES ON TO POINT OUT THAT PORTUGAL MAY NEED TO ADOPT THIS POSITION OF ONE VERSUS ELEVEN AT SOME POINT, WITHOUT SUGGESTING SPECIFIC ISSUES.

4. BUT IN GENERAL THIS IS REPORTED AS A SUMMIT OF PROGRESS ON EMU AND BRITISH ISOLATION. THE GATT ROUND RECEIVES SEPARATE TREATMENT AS AN ISSUE ONLY IN DIARIO ECONOMICO AND ELSEWHERE IS DEALT WITH ONLY IN THE CONTEXT OF THE UK POSITION. THE DECLARATION ON IRAQ ALSO RECEIVES ATTENTION IN A LOW KEY.

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