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FM ROME 251630Z JUN 85

TO IMMEDIATE FCO

TELNO 624 OF 25 JUN 85

INFO PRIORITY UKREP BRUSSELS, PARIS, BONN

INFO ROUTINE ATHENS, COPENHAGEN, THE HAGUE, BRUSSELS, DUBLIN,
LUXEMBOURG, LISBON, MADRID.

MY TELNO 616: MILAN EUROPEAN COUNCIL: PRESIDENCY AND ITALIAN POSITION

SUMMARY.

1. CRAXI'S STRENGTHENED POLITICAL POSITION LIKELY TO MAKE HIM LOWER HIS SIGHTS. DIFFERENCES BETWEEN PRIME MINISTER'S OFFICE AND FOREIGN MINISTRY OVER ITALIAN POSITION AT MILAN. PRESIDENCY WILL PRESS HARD FOR SOME MEANS OF PLACATING EUROPEAN PARLIAMENT AND MAY URGE SOME FORM OF LIMITED NEW TREATY ON EUROPEAN UNION. CRAXI WORRIED THAT SO LITTLE IS AGREED BEFOREHAND AND THAT TIME WILL BE SO SHORT.

DETAIL.

2. THE ELECTION OF COSSIGA AS PRESIDENT ON THE FIRST BALLOT, FOLLOWING THE GOVERNMENT'S SUCCESS IN THE REFERENDUM AND THE MAY ADMINISTRATIVE ELECTIONS, MEANS THAT CRAXI HAS A MUCH MORE STABLE BASE THAN A FEW MONTHS AGO. HIS ADMINISTRATION CAN BE EXPECTED TO REMAIN IN PLACE (WITH ANDREOTTI AS FOREIGN MINISTER) FOR SOME TIME TO COME, ALMOST CERTAINLY UNTIL THE NEXT EUROPEAN COUNCIL. CRAXI'S STAFF TELL US THAT THIS WILL MAKE HIM MORE RELAXED ABOUT GOALS FOR MILAN, AND MORE CONCERNED TO ACHIEVE WHAT IS POSSIBLE THAN TO AIM FOR A PUBLICITY SUCCESS SUCH AS ATTEMPTS AT A MAJOR STRIDE TOWARDS EUROPEAN UNION.

3. ON MILAN, RUGGIERO SPOKE TO EC AMBASSADORS ON JUNE 24 IN MUCH THE SAME TERMS AS REPORTED IN MY TUR; STRESSING THAT THE PRESIDENCY WOULD STAND FIRM ON REQUIRING AGREEMENT ON SOME FORM OF CO-DECISION FOR THE EUROPEAN PARLIAMENT AND ON A NEW TREATY ON EUROPEAN UNION, THE CONTENT OF WHICH WAS STILL OPEN TO DEBATE (AND COULD FOR INSTANCE INCLUDE OUR IDEAS ON POCO). HE CLAIMED TO SEE THESE AS POTENTIAL BREAKING POINTS AT THE COUNCIL. ON DECISION-TAKING, THERE WAS THE BASIS OF A CONSENSUS IN FAVOUR OF A NEW PROCEDURE FOR LIMITING THE USE OF THE NATIONAL VETO. IN ANSWER TO QUESTIONS HE ADMITTED THAT AN ORIENTATION DEBATE AT MILAN FOLLOWED BY DECISIONS AT THE LUXEMBOURG EUROPEAN COUNCIL WAS A POSSIBLE SCENARIO. BUT HE STRESSED THAT THE EXPECTATIONS BUILT UP FOR MILAN MADE PROGRESS THERE VERY DESIRABLE. THERE WAS NOT UNDUE EMPHASIS ON AN INTERGOVERNMENTAL CONFERENCE OR ON THE ANDREOTTI DRAFT MANDATE.

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4. LATER YESTERDAY I SAW THE PRIME MINISTER'S DIPLOMATIC ADVISER, BADINI, WHO HINTED THAT RUGGIERO WAS ECHOING MFA SUPPORT FOR A FIRM ITALIAN NATIONAL POSITION, AND SAID THAT THE PRIME MINISTER'S OFFICE TOOK A MORE REALISTIC VIEW OF THE RESPONSIBILITIES OF THE PRESIDENCY. BADINI UNDERSTOOD THE DIFFICULTIES THAT RUGGIERO'S IDEAS POSED FOR US AND FOR OTHERS. CRAXI WOULD START THE MEETING WITH A RAPID TOUR DE TABLE ON THE DOOGE REPORT AT WHICH THE ITALIAN NATIONAL POSITION WOULD BE FAITHFULLY REHEARSED. BUT CRAXI'S STAFF DID NOT EXPECT AGREEMENT ON MAXIMALIST DECISIONS AND WERE PREPARING A FALL-BACK POSITION AS A BASIS FOR COMPROMISE. THE MOST DIFFICULT ELEMENT WOULD BE INCREASED POWERS FOR THE PARLIAMENT. THEY SEEMED TO ENVISAGE SOME INCREASED POWERS WHOSE THE MAIN PURPOSE WOULD BE TO PROVIDE SIGNALS TO THE PARLIAMENT, DESIGNED TO DEFUSE THE SITUATION BY SHOWING MOVEMENT IN THE DIRECTION DESIRED BY ITS MEMBERS.

HE MENTIONED TWO POSSIBLE ELEMENTS:

(A) ENLARGING THE AREA FOR MAJORITY DECISION, ALTHOUGH AT THE MOMENT THEY COULD NOT SEE HOW THIS COULD BE DONE WITHOUT TREATY AMENDMENT.

CRAXI HAD GIVEN CAREFUL THOUGHT TO OUR PROPOSAL FOR WAIVING UNANIMITY BUT DID NOT THINK THAT THIS WOULD GO FAR ENOUGH FOR THE PARLIAMENT.

(B) A PROVISION BY WHICH THE COUNCIL OF MINISTERS COULD ONLY REJECT BY UNANIMITY A PROPOSAL APPROVED BOTH BY THE COMMISSION AND THE PARLIAMENT.

5. BADINI WAS MUCH LESS INSISTENT THAN RUGGIERO ON THE NEED FOR AGREEMENT ON A NEW TREATY ON EUROPEAN UNION, BUT WAS ANXIOUS TO KNOW WHETHER WE COULD IN THE END ACCEPT SOME FORM OF TREATY LANGUAGE RECALLING STUTTGART AND FONTAINEBLEAU AND INCLUDING OUR POCO TEXT. I EXPLAINED THAT WE WERE AIMING FOR BINDING COMMITMENTS, NOT A TREATY. BUT THIS IS A LIKELY AREA FOR PRESSURE ON

US AND MAY WELL ARISE AT THE PRIME MINISTER'S BILATERAL MEETING WITH CRAXI ON THE MORNING OF 28 JUNE.

6. THE PRESIDENCY ARE CONSCIOUS THAT TIME WILL BE SHORT, ESPECIALLY IF DISCUSSION GETS BOGGED DOWN IN A TOUR DE TABLE ON DOOGE. I RUBBED THIS IN. BADINI SAID THAT HE DOUBTED IT WOULD BE POSSIBLE FOR A DETAILED DISCUSSION TO TAKE PLACE ON INTERNAL MARKET ISSUES RAISED IN THE COMMISSION'S WHITE PAPER. I THINK THAT CRAXI'S INSTINCT WILL NOW BE TO IDENTIFY ISSUES, ON WHICH THERE IS THE GREATEST CHANCE OF AGREEMENT BEING REACHED, EVEN IF THEY ARE UNSPECTACULAR. HIS STAFF MENTIONED A PROCEDURE FOR LIMITING USE OF THE VETO AND A POCO SECRETARIATE: TECHNOLOGICAL ISSUES ARE ALSO LIKELY TO FIGURE.

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7. CRAXII'S INSTINCT IS ALWAYS TO PLAY THINGS BY EAR. I RECOMMEND THAT AT HER BILATERAL MEETING THE PRIME MINISTER CONTINUES TO IMPRESS UPON CRAXII THE ATTRACTIONS OF OUR IDEAS AS THE BASIS OF COMPROMISE BETWEEN THE MAXIMALIST (ITALIAN) POSITION AND THOSE EG OF THE DANES AND THE GREEKS WHO HAVE GREATER DIFFICULTIES THAN WE DO. CRAXII'S STAFF MADE CLEAR THAT HIS AIM AT THE MEETING WOULD BE TO TAKE A FINAL SOUNDING OF THE BRITISH POSITION.

8. CRAXII MAY SEND A PURELY PROCEDURAL LETTER TO HIS COLLEAGUES BEFORE THE SUMMIT: THE PRESIDENCY ARE MEANWHILE DIGESTING A LONG MEMORANDUM FROM MITTERRAND, DESCRIBED BY RUGGIERO TO CRAXII'S STAFF AS A DANGEROUS DOCUMENT, BECAUSE FULL OF AMBIGUITIES.

BRIDGES

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