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FM PARIS 261120Z JUN 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 537 OF 26 JUNE

INFO PRIORITY UKREP BRUSSELS, ROME, ROUTINE OTHER EC POSTS, LISBON, MADRID

MILAN COUNCIL: ELYSEE VIEW mf

## SUMMARY

1. FRENCH APPROACHING MILAN IN POSITIVE FRAME OF MIND, PLEASED THAT GROUND HAS BEEN WELL PREPARED AND THAT COMMISSION IDEAS ARE GENERALLY SENSIBLE.

## DETAIL

2. MADAME GUIGOU (ELYSEE) RAN THROUGH WITH US YESTERDAY THE MAJOR SUBJECTS FOR THE MILAN COUNCIL. THE COUNCIL WOULD BE SERVED SUBSTANTIAL FARE, AND MITTERRAND WOULD WORK FOR POSITIVE RESULTS. SHE GAVE NO HINT THAT HE WOULD HARP ON THE CONSTRAINTS IMPOSED ON PROGRESS TO EUROPEAN UNION BY ANY PARTICULAR NATION, BUT HE WILL CERTAINLY WISH THE COUNCIL TO SOUND THE UNION TRUMPET.

## INSTITUTIONS

3. THE GOALS LISTED BY GUIGOU CLOSELY RESEMBLE OUR OWN, PARTICULARLY FOR DECISION MAKING (E.G. INCREASE MAJORITY VOTING, FIRST WHERE PRESCRIBED BY THE TREATY - BUT ALSO IN OTHER CASES IF GUIDELINES CAN BE AGREED: MODIFY PRACTICE RATHER THAN AMEND THE TREATY IN THE FIRST INSTANCE - WITHOUT RULING OUT AMENDMENT 'LATER': MAKE RECOURSE TO THE VETO MORE DIFFICULT AND REQUIRE FORMAL JUSTIFICATION - BUT DO NOT ABOLISH IT YET). AGREEMENT ON SUCH CHANGES WAS A REALISTIC GOAL FOR MILAN.

4. ON THE EUROPEAN PARLIAMENT, GUIGOU SAID THAT FRENCH BELIEVE IT SHOULD BE 'MORE INTEGRATED INTO DECISION MAKING' IN HEALTH, EDUCATION AND THE ENVIRONMENT. IT SHOULD NOT (NOT) BE GIVEN ANY NEW MEANS OF INCREASING EXPENDITURE BUT SHOULD, AS THE DUBLIN EUROPEAN COUNCIL AGREED, BE CONSULTED ON THE SETTING OF THE REFERENCE FRAMEWORK FOR BUDGET DISCIPLINE.

## POLITICAL CO-OPERATION

5. GUIGOU CONFIRMED WHAT MOREL TOLD THOMAS ON 25 JUNE (FCO TELNO 340, NOT TO ALL). SHE COULD NOT FORECAST PRECISELY WHAT VIEW MITTERRAND WOULD TAKE ON ARTICLE 8 OF OUR TEXT (SECURITY) BUT THOUGHT THAT HE WOULD NOT OBJECT TO INCLUSION OF A MENTION OF WEU. HE WOULD WANT ANY TEXT THAT WAS ADOPTED TO ESTABLISH POLITICAL

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CO-OPERATION AS THE NUCLEUS OF EUROPEAN UNION. GUIGOU CLAIMED THE FRENCH WOULD BE MORE AFFIRMATIVE THAN US ON INSTITUTIONALISATION BUT HAD NOTHING MORE SPECIFIC TO SAY WHEN PRESSED. INDEED IN CONFIRMING MOREL'S COMMENTS ON ARTICLE 5 (INTERNATIONAL ORGANISATIONS), SHE WAS QUITE EXPLICIT THAT FRANCE WOULD WISH TO MAINTAIN A GREATER MARGIN OF MANOEUVRE THAN OUR TEXT WOULD PERMIT.

#### INTERNAL MARKET

6. GUIGOU THOUGHT THE COMMISSION WHITE PAPER WAS A GOOD DOCUMENT. THE FRENCH HOPED THE COUNCIL WOULD ENDORSE ITS GENERAL DIRECTION, WITH 1992 AS THE TARGET DATE FOR COMPLETION. MINISTERS AND EXPERTS SHOULD THEN BE COMMISSIONED TO FOLLOW UP IN DETAIL. HOWEVER, THE FRENCH WOULD HAVE CRITICISMS TO MAKE OF SOME ASPECTS OF THE PAPER. IT FAILED TO UNDERLINE SUFFICIENTLY THE NEED FOR PROGRESS ON MONETARY INTEGRATION TO PARALLEL COMPLETION OF THE COMMON MARKET. (THIS WAS NOT TO SUGGEST THAT THE TIME HAD COME TO CARRY THE EMS INTO ITS INSTITUTIONAL PHASE: BUT THE ROLE OF THE ECU SHOULD BE INCREASED, TO MAKE IT AN EXTERNAL RESERVE ASSET.) CONCURRENTLY WITH INTERNAL LIBERALISATION, THE COMMUNITY SHOULD STRENGTHEN ITS IDENTITY AND CAPACITY TO DEFEND ITS INTERESTS VIS-A-VIS THE REST OF THE WORLD. CONTRARY TO WHAT THE PAPER IMPLIED, CONTROL OF DRUGS AND TERRORISTS SHOULD NOT BE GIVEN A MORE COMMUNITY CHARACTER. RATHER, INTER-GOVERNMENTAL COLLABORATION SHOULD BE STRENGTHENED. FISCAL HARMONISATION WAS A MORE DIFFICULT SUBJECT THAN THE PAPER ACKNOWLEDGED, BUT EXPERTS SHOULD BE SET TO WORK ON IT. ON FINANCIAL SERVICES, THE FRENCH WOULD PREFER HARMONISATION OF REGULATION RATHER THAN DE-REGULATION PURE AND SIMPLE. IN PARALLEL WITH COMPLETION OF THE COMMON MARKET, THE COMMUNITY SHOULD AIM TO MAKE PROGRESS ON THE HARMONISATION OF SOCIAL LEGISLATION, ALTHOUGH AT THIS STAGE THE FRENCH AIM WOULD BE LIMITED TO MORE REGULAR AND FULLER CONSULTATION.

#### TECHNOLOGY/EUREKA.

7. GUIGOU SPOKE ON BY NOW STANDARD LINES. THE COUNCIL SHOULD ACKNOWLEDGE PROGRESS MADE, BUT IT WOULD BE PREMATURE TO EXAMINE INSTITUTIONAL ASPECTS OF TECHNOLOGICAL COLLABORATION AT MILAN. THE COMMISSION PAPER WAS SATISFACTORY IN ITS PRAGMATISM AND ITS APPROACH TO THE APPLICATION OF VARIABLE GEOMETRY. FOR THE FRENCH, IT WAS ESSENTIAL TO AVOID TECHNOLOGY BEING COMMUNITISED AND RUN LIKE THE CAP. (COMMENT: THE FRANCO-GERMAN DISCUSSIONS IN BONN LATER TODAY, MAY PRODUCE FURTHER DEVELOPMENTS IN THE FRENCH POSITION. BRAITHWAITE MAY HAVE AN OPPORTUNITY TO GATHER MORE EVIDENCE FROM HIS DIRECT CONTACT WITH VEDRINE AND WE SHALL REPORT ANY MORE WE CAN PICK UP HERE ABOUT FRENCH INTENTIONS).

#### PEOPLE'S EUROPE

8. THE DADONINO REPORT IS A MIXED BAG, IN FRENCH EYES. MITTERRAND WOULD WANT TO ENDORSE SOME OF ITS RECOMMENDATIONS BUT NOT ALL, AND MIGHT ADD OTHERS OF HIS OWN.

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INTER-GOVERNMENTAL CONFERENCE  
9, GUIGOU STRUCK THE BY NOW WELL-PRACTISED BALANCE BETWEEN A CONCERN  
NOT TO ENGAGE IN AN ILL-PREPARED CONFERENCE AND NOT RULING THE IDEA  
OUT. THE ITALIAN PRESIDENCY WOULD HAVE TO USE ITS JUDGEMENT  
CAREFULLY IN GUIDING THE MILAN COUNCIL TO A CONCLUSION.

FRETWELL

FRAME GENERAL  
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