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UNCLASSIFIED

Mr Nash
Indeed - it should give the PCF, their two parliamentary partners, the PCF, a heart attack!
Ulbin 5/12

Mr Strassburg
or the Rdn
12/12

Mr Keeling
Mrs Lowin

Interesting the PCI
and support a strengthening
of Community competence
*to the extent of *.*
30 NOV 1979
JE Rhau

OME 261030Z NOV 79
TO IMMEDIATE FCO
TELEGRAM NUMBER 548 OF 26 NOVEMBER
INFO PRIORITY UKREP BRUSSELS
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INFO SAVING WASHINGTON, UKDEL NATO, MILAN.

MPT: ITALIAN POLITICAL SITUATION AND THE ITALIAN POSITION AT THE DUBLIN EUROPEAN COUNCIL. *27/11*

1. PARAGRAPHS 2 TO 5 INCLUSIVE BELOW GIVE A PRESS AGENCY ACCOUNT OF A STATEMENT ABOUT THE DUBLIN COUNCIL MADE BY SIGNOR ZAMBERLETTI, UNDER SECRETARY AT THE MFA, TO THE EXTERNAL RELATIONS COMMITTEE OF THE CHAMBER ON THE EVENING OF 22 NOVEMBER. PARAGRAPHS 6 TO 8 GIVE DETAILS OF AN AIDE MEMOIRE PRESENTED BY THE LEFT-WING PARTIES. ZAMBERLETTI'S PRIVATE OFFICE HAVE TOLD US THAT THIS ACCOUNT IS SUBSTANTIALLY CORRECT.

2. BEGINS

THE ITALIAN GOVERNMENT IS FULLY AWARE OF THE NEED FOR A COMMON EFFORT TO MAINTAIN AND CONSOLIDATE SOLIDARITY BETWEEN THE COUNTRIES OF THE EUROPEAN COMMUNITY. AT DUBLIN THE CONVERGENCE PROBLEM WILL BE DISCUSSED. THIS ENTAILS THE DEVELOPMENT AND COMPLETION OF COMMON POLICIES AS WELL AS THE HARMONIZATION OF THE COLLECTIVE NATIONAL ECONOMIC POLICIES, AN OBJECTIVE WHICH CLOSELY AFFECTS US AND FOR WHICH WE HAVE BEEN FIGHTING FOR A LONG TIME. IT ALSO IMPLIES THE INTRODUCTION INTO THE COMMON AGRICULTURAL POLICY OF SUITABLE CORRECTIONS TO ELIMINATE THE PRESENT DISTORSIONS.

3. THE EUROPEAN COUNCIL WILL BE ASKED TO ASSUME A DUAL COMMITMENT: THE RE-ESTABLISHMENT OF THE BALANCE OF THE COMMON AGRICULTURAL POLICY, WITH THE OBJECT OF FAVOURING BOTH THE MEDITERRANEAN PRODUCTS AND THE PURCHASE AND DEVELOPMENT IN ITALY OF NORTHERN COMMUNITY PRODUCTS (OF WHICH ITALY IS) IN SHORTEST SUPPLY AS WELL AS THE EXPANSION OF STRUCTURAL AND INVESTMENT EXPENDITURE OVER THE NEXT THREE YEARS.

4. ZAMBERLETTI STRESSED THAT THE ITALIAN REQUEST THAT INCREASED RESOURCES SHOULD BE DEVOTED TO STRUCTURAL EXPENSES AND INVESTMENTS IS FRAMED NOT ONLY IN AN ITALIAN CONTEXT, BUT IS ALSO AIMED, AND MAINLY SO, AT THE PROGRESS OF THE EUROPEAN COMMUNITY AS A WHOLE. AS REGARDS AGRICULTURAL POLICIES, THE CONTAINMENT OF COMMUNITY EXPENDITURE IN THIS SECTOR SHOULD NOT BE SEEN IN TERMS OF A REVISION OF THE EXISTING SYSTEM OF GUARANTEES, BUT OF ENSURING A MORE BALANCED AND RATIONAL DEVELOPMENT OF THE COMMON AGRICULTURAL POLICY. THE PRINCIPLES OF THIS POLICY ARE NOT BEING CONTESTED: WHAT IS BEING REQUESTED IS A CORRECTION OF THE MORE OBVIOUS MISTAKES OF RECENT YEARS.

5. ITALY WILL ALSO STRESS THE NEED TO REVIEW THE RULES UNDERLYING THE OPERATION OF THE STRUCTURAL FUNDS IN ORDER TO ENSURE THAT THEY ARE MORE IN KEEPING WITH THE DIFFERENT CONDITIONS OF ECONOMIC AND SOCIAL DEVELOPMENT AND WITH THE DIFFERENT ADMINISTRATIVE STRUCTURES OF THE COUNTRIES OF THE COMMUNITY.

ENDS.

6. IN THE COURSE OF THE MEETING WITH SIGNOR ZAMBERLETTI THE PARLIAMENTARY GROUPS OF THE SOCIALIST AND COMMUNIST PARTIES AND THE INDEPENDENT LEFT PRESENTED A JOINT AIDE MEMOIRE IN WHICH THEY REQUESTED THE GOVERNMENT TO DEFEND WITH ENERGY AT THE MEETING IN DUBLIN A NUMBER OF FUNDAMENTAL POINTS,

7. IN THE FIRST PLACE THE CONVERGENCE BETWEEN MEMBER COUNTRIES MUST STRESS NOT SO MUCH THE CONVERGENCE OF THE FINANCIAL POSITION OF THE INDIVIDUAL COUNTRIES TOWARDS THE COMMUNITY BUDGET, BUT A STABLE AND BALANCED DEVELOPMENT OF THE ECONOMIES OF ALL MEMBER COUNTRIES. SECONDLY, IT IS ESSENTIAL TO GIVE A NEW DIRECTION TO THE EXPENDITURE OF THE COMMUNITY BUDGET TO ENSURE A GREATER MEASURE OF BALANCE BETWEEN AGRICULTURAL PRICE SUPPORT AND ORIENTATION EXPENDITURE OF THE AGRICULTURAL POLICY, PARTICULARLY FOR THE REGIONS FACING GREATER DIFFICULTIES. FURTHERMORE THERE MUST BE AN ADEQUATE INCREASE IN COMMUNITY EXPENDITURE FOR STRUCTURAL POLICIES AND FOR COOPERATION WITH DEVELOPING COUNTRIES.

8. THE AIDE MEMOIRE ADDS THAT THE INCREASE IN THE FINANCIAL CAPABILITY OF THE COMMUNITY BUDGET MUST BE REACHED BY TRANSFERRING FUNCTIONS AND FISCAL RESOURCES FROM THE NATIONAL TO THE COMMUNITY FIELD. A DRAFT TREATY MUST THEREFORE BE PROPOSED IN ORDER TO ENABLE THE COMMUNITY TO PARTICIPATE IN THE COLLECTION OF DIRECT TAXES AND VAT. LASTLY, THE SYSTEM OF EUROPEAN RESOURCES MUST BE SUPPLEMENTED BY A PERMANENT AND GENERAL METHOD OF FINANCIAL EQUALIZATION BASED ON THE DISPARITY BETWEEN AVERAGE PRO CAPITA INCOME OF THE VARIOUS MEMBER COUNTRIES. *

9. PLEASE PASS ADVANCE COPIES TO:-

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10. PLEASE PASS TO SAVING ADDRESSEES.

GOODISON

(REPEATED AS REQUESTED)

FCO WHITCHALL DIST:
EID