

UNCLASSIFIED  
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TO IMMEDIATE FCO  
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INFO PRIORITY OTHER EC POSTS  
INFO SAVING MILAN

FRAME ECONOMIC

INFORMAL ECOFIN, ROME 8 SEPTEMBER: ITALIAN PRESS COMMENT

SUMMARY

1. ITALIAN PRESS SEE THE OUTCOME OF THE INFORMAL ECOFIN AS A SUBSTANTIAL SETBACK FOR THOSE SUPPORTING RAPID IMPLEMENTATION OF THE DELORS PLAN.

DETAIL

2. ALL ITALIAN NEWSPAPERS CARRY FULL REPORTS ON THE 8 SEPTEMBER ECOFIN MEETING. MOST CONCLUDE THAT THE MEETING WAS A SUBSTANTIAL SETBACK FOR THE THREE MEMBER STATES FAVOURING RAPID PROGRESS TOWARDS EMU WITH PHASE II BEGINNING ON 1 JANUARY 1993. SOME ARGUE THAT THE FUTURE OF THE DELORS PLAN IS NOW IN DOUBT. HEADLINES INCLUDE 'IN ROME, THE TWELVE RISK A BREAK ON MONETARY UNION' INSOLE/24 ORE (MILAN-BASED ECONOMIC/FINANCIAL DAILY, READERSHIP 1.1 MILLION), 'MONETARY UNION ON ICE' IN MESSAGGERO (ROME BASED, LEFT OF CENTRE DAILY, READERSHIP 1.5 MILLION), 'A BRAKE ON MONETARY UNION' IN CORRIERE DELLA SERA (MILAN-BASED CENTRIST DAILY, READERSHIP 3 MILLION) AND 'IN ROME THE TWELVE SPLIT ON EMU' IN ITALIA OGGI (MILAN-BASED ECONOMIC/FINANCIAL DAILY, READERSHIP 250,000).

3. DETAILED REPORTING FOCUSES ON THE DISAGREEMENT OVER THE TIMING OF A MOVE TO STAGE II. THE GIST IS THAT THREE COUNTRIES, FRANCE, ITALY AND BELGIUM, TOGETHER WITH DELORS, ARGUED THAT PHASE II SHOULD BEGIN ON 1 JANUARY 1993. BUT A LARGER GROUP, LED BY THE UK AND FRG AND INCLUDING THE NETHERLANDS, LUXEMBOURG, GREECE AND PORTUGAL, ARGUED THAT A SATISFACTORY DEGREE OF ECONOMIC CONVERGENCE MUST COME FIRST. THE ITALIAN PRESS CONCLUDE THAT, THOUGH NO CONSENSUS WAS REACHED, THOSE ARGUING FOR CONVERGENCE WERE DOMINANT AND THE DELORS PLAN AS A WHOLE IS NOW IN DOUBT. DELORS IS QUOTED IN IL SORE/24 ORE AS SAYING THAT 'THE MORNING SESSION OF THE MEETING THREATENED TO THROW AWAY TWO AND A HALF YEARS OF WORK - BUT THE DISCUSSION CAME BACK ON COURSE IN THE AFTERNOON'. ACCORDING TO

MESSAGGERO, NOT ONLY DID THE MEETING FAIL TO AGREE A DATE FOR PHASE II: 'THE RISK NOW IS THAT THE OPPOSITION OF CERTAIN COUNTRIES, WITH THE UK AT THEIR HEAD, WILL PREVAIL AND MONETARY INTEGRATION WILL BE DILUTED AND PUSHED FAR INTO THE FUTURE'. CORRIERE DELLA SERA AGREES: 'EVEN IF EMU HAS BEEN SAVED FROM THE MENACE OF THE GULF CRISIS, FROM THE ATTACKS OF THE BRITISH AND FROM GERMAN RESISTANCE, IT HAS BEEN GRAVELY WEAKENED BY THE ROME MEETING'. OTHER NEWSPAPERS NOTE THAT SO GREAT WAS THE OPPOSITION TO THE FIXING OF A DATE FOR PHASE II THAT EVEN A SPANISH PROPOSAL THAT THIS BE DELAYED UNTIL 1994 FOUND NO SUPPORT.

4. ITALIAN PRESS OPINION IS DIVIDED ON THE RECEPTION GIVEN TO THE BRITISH HARD ECU PROPOSAL. CORRIERE DELLA SERA SAYS THAT 'THE UK APPEARS ISOLATED AND THE PROPOSALS ARE NOT CONSIDERED SUCH AS TO PUT IN SERIOUS PERIL THE INTEGRATION PROCESS: THE REAL OBSTACLE IS GERMAN OPPOSITION TO PHASE II BEFORE CONVERGENCE'. OTHER NEWSPAPERS TAKE A MORE POSITIVE LINE. POEHL IS QUOTED IN SEVERAL ARTICLES AS SAYING THAT HE FAVOURS MAKING THE ECU HARDER THAN THE STRONGEST NATIONAL CURRENCY, AS A PRECURSOR TO A SINGLE CURRENCY, BUT THAT HE OPPOSES THE CONCEPT OF A PARALLEL CURRENCY MANAGED BY A NEW EC INSTITUTION. LA STAMPA (TURIN-BASED, CENTRIST, OWNED BY FIAT, READERSHIP 1.75 MILLION) REPORTS THAT THE BRITISH PLAN IS SUPPORTED BY SEVERAL COUNTRIES AS A TRANSITION BETWEEN PHASES I AND III OF EMU. ITALIA OGGI SUGGESTS THAT THE CHANCELLOR WILL HAVE RETURNED HOME HAPPY WITH HIS SCHEME 'STILL ON THE TABLE AND BOUND TO BE RE-EXAMINED'. MOST NEWSPAPERS ALSO REPORT THE SPANISH COMPROMISE PROPOSALS, WITH IL SOLE/24 ORE PRINTING THEM IN FULL ON ITS FRONT PAGE. ACCORDING TO IL MESSAGGERO, THE SPANISH ARE SUPPORTING THE MAIN ELEMENTS OF THE BRITISH PLAN BECAUSE IT ALLOWS A TRANSITION PERIOD OF SEVERAL YEARS. 'THIS WILL GIVE THEIR ECONOMY TIME TO CATCH UP WITH OTHERS SO THAT THEY CAN PLAY A FULL PART IN EMU: WHEREAS IN THE IMMEDIATE FUTURE THEY WOULD HAVE NO CHANCE'.

5. ITALIA OGGI, ALSO CARRIES A VERBATIM EXTRACT FROM THE CHANCELLOR'S PRESS CONFERENCE, IN WHICH IT COMMENDS HIM FOR HIS 'CALMNESS AND LACK OF ARROGANCE' DESPITE THE SUCCESSFUL OUTCOME OF THE MEETING FROM THE BRITISH VIEWPOINT. A COPY OF THIS, AND A SELECTION OF OTHER ARTICLES, IS BEING FAXED TO O'DENNEL, TREASURY PRESS SECRETARY.

6. FCO PLEASE ADVANCE TO PS/CHANCELLOR, O'DONNELL PRESS OFFICE  
TREASURY AND HITCHENS, ECD(I)

EGERTON