

My Record cc Master



*see from
cull*

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

1 November 1989

Dear Stephen,

EUROPEAN COMMUNITY

The Prime Minister and the Foreign Secretary had a talk this evening about a number of current issues in the European Community.

Social Charter

It was agreed that, while there had been some evolution of attitudes in the Community towards the Social Charter, we were still far short of a text to which we could agree. The Prime Minister agreed that she would send a message to President Mitterrand recalling their discussion at Chequers in September and reminding him that we could only accept a declaratory text which did not extend new powers on competence to the Commission, and was not used as the basis for drafting detailed regulations. Tactically it would be better not to send the French a draft: the onus should be on them to try to meet our requirements.

Economic and Monetary Union

It was agreed that our paper setting out an alternative approach to EMU should be presented in as positive a way as possible and not just as a critique of Delors Stages 2 and 3. We should try to arrange for the matter to be raised at Prime Minister's Questions on 2 November so that the paper could be launched with her clear public endorsement.

Meanwhile our tactical objective should be to secure postponement of an IGC, arguing that a conference in the second half of next year would be premature. We should try to enlist active German support for this point of view. The Chancellor should be encouraged to seek an early meeting with the German Finance Minister and the Prime Minister should send a message to Chancellor Kohl (it was for consideration whether this should also cover the Social Charter). It might be desirable for the Prime Minister to see Chancellor Kohl at some point following her return from Washington on 25 November and before the European Council.

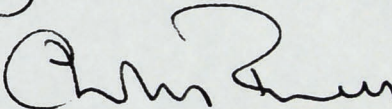
The Prime Minister agreed that it would be useful for her,

R

the Foreign Secretary and the Chancellor to meet in advance of the Strasbourg European Council to discuss our tactics on EMU.

Strasbourg European Council

The Prime Minister and the Foreign Secretary agreed that it would be better if the agenda of the Strasbourg European Council could be widened so that it did not focus only on EMU and the Social Charter, both of which would be difficult issues for the United Kingdom. Other subjects which we might propose for discussion were EC/EFTA relations, enlargement, assistance to Poland and Hungary and East/West relations following the meeting between President Bush and President Gorbachev.

Yours sincerely,


C. D. POWELL

J.S. Wall, Esq.,
Foreign and Commonwealth Office.