

ADVANCE COPY

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TO DESKBY 231500Z FCO  
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INFO PRIORITY EUROPEAN COMMUNITY POSTS

*Delors*  
*Delors does*  
*not want you to*  
*set a date for*  
*ERM membership!!*  
*CDs*

FRAME GENERAL

DELORS PRE-MADRID PRESS CONFERENCE

SUMMARY

1. EMU: WHOLE OF DELORS REPORT OR NOTHING. S'ANGARO-TYPE CONCLUSIONS UNACCEPTABLE. ADVISES AGAINST ANNOUNCING DATE FOR STERLING'S ENTRY TO EMS. DUCKING AND WEAVING ON SOCIAL DIMENSION: RESPECT FOR SUBSIDIARITY AND DIVERSITY. ONLY ACT WITHIN THE TREATY. NOT LOOKING FOR MANDATE AT MADRID.

DETAIL

2. AT HIS TRADITIONAL PRE-EUROPEAN COUNCIL PRESS CONFERENCE, DELORS CONCENTRATED ENTIRELY ON EMU AND THE SOCIAL DIMENSION.

3. EMU: HEADS OF GOVERNMENT WOULD HAVE TO SAY WHETHER THEY ENDORSED THE TOTALITY OF THE DELORS REPORT OR NOT, AND THE PROCESS IT ENVISAGED. FINANCE MINISTERS' CONCLUSIONS AT S'AGARO WERE NOT SATISFACTORY AS THEY CUT THE REPORT IN HALF, WITH WAIT-AND-SEE ON STAGES 2 AND 3. IF S'AGARO WAS FOLLOWED, DELORS WOULD HAVE TO SAY THAT THE REPORT HAD BEEN REJECTED. IF HEADS OF GOVERNMENT POSTPONED 2 AND 3, THEY WOULD BE TURNING THEIR BACK ON A UNANIMOUSLY AGREED REPORT. THERE WAS SCOPE FOR DEBATE ON CERTAIN ASPECTS OF THE REPORT, SUCH AS THE PRECISE ROLE OF THE ECU, AND THE NATURE OF THE BINDING ECONOMIC RULES.

4. AS REGARDS THE UK, IF THE BRITISH PRIME MINISTER ADOPTED A PARTIALLY POSITIVE ATTITUDE ON EMU DELORS WOULD NOT EXPECT HER TO INDICATE A DATE FOR STERLING'S ENTRY TO THE ERM. INDEED, HE WOULD ADVISE HER AGAINST THIS GIVEN THE POSSIBLE EFFECT ON THE MONEY MARKETS. HE RECOGNISED THE UK FACED DIFFICULT DECISIONS GIVEN ITS INFLATION OF 8.5 PER CENT, DOUBLE THE EC AVERAGE. HE WAS NOT IMPOSING PRIOR CONDITIONS. THE UK WOULD WANT TO RETAIN SOME ROOM FOR MANOEUVRE ONCE THE DECISION WAS TAKEN AND HE WOULD NOT FAN ANY FLAMES. IN ADDITION, IT WAS ALWAYS POSSIBLE TO AGREE TRANSITIONAL PERIODS, AS IN THE CASE OF CAPITAL LIBERALISATION, ONCE A DECISION IN PRINCIPLE HAD BEEN TAKE. HE STRESSED THAT HE HAD NEVER INSISTED

ON THE IMMEDIATE CONVOCATION OF AN IGC.

5. SOCIAL DIMENSION: THERE SHOULD BE A FRANK AND CLEAR DEBATE ABOUT WHAT THIS MEANT AND HOW IT SHOULD BE IMPLEMENTED. IT MUST RESPECT SUBSIDIARITY AND DIVERSITY, AND OPERATE WITHIN THE TREATY. HE DID NOT EXPECT MADRID TO ADOPT THE SOCIAL CHARTER. THE FOCUS WOULD BE ON THE RESOLUTION ADOPTED (SIC) BY SOCIAL AFFAIRS MINISTERS ON 12 JUNE, WHICH WENT (IN UNSPECIFIED WAYS) FURTHER THAN THE PAPANDREOU DRAFT. THE COMMISSION'S OBJECTIVE WAS NO MORE THAN A SOLEMN DECLARATION WHICH HE DENIED WOULD BE USED AS A QUARRY FOR SUBSEQUENT LEGISLATION. IN ANY CASE, IF THE COMMISSION OVERSTEPPED THE MARK, THERE WAS ALWAYS THE ECJ. BRITISH FEARS THAT THE APPROVAL OF A CHARTER WOULD RESULT IN BINDING LEGISLATION WERE MISPLACED BECAUSE THAT WOULD REQUIRE TREATY AMENDMENT. BUT DELORS DID NOT EXPECT THE PRIME MINISTER TO MODIFY HER OPPOSITION.

HANNAY

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