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FOLLOWING FROM HANNAY:
EUROPEAN COUNCIL: MADRID: 26/27 JUNE

SUMMARY

1. DISCUSSION ON THE FIRST DAY WAS LARGELY FOCUSED ON EMU WITH TWO COMPLETE TABLE ROUNDS LASTING UNTIL LATE AFTERNOON. THIS LEFT LESS THAN TWO HOURS FOR A FURTHER TABLE ROUND COVERING THE INTERNAL MARKET, THE SOCIAL DIMENSION AND EXTERNAL QUESTIONS. THE SECOND DAY WAS ENTIRELY DEVOTED TO DISCUSSION OF THE DRAFT CONCLUSIONS WHICH HAD BEEN PRODUCED OVERNIGHT. WE WERE ABLE TO SECURE SATISFACTORY AMENDMENTS, WHERE REQUIRED, ON ALL THE MAIN POINTS.

2. THIS TELEGRAM SUMMARISES THE COURSE OF DISCUSSION. MY MIFT COMMENTS ON THE OVERALL OUTCOME AND MY SECOND IFT CONTAINS THE AGREED CONCLUSIONS. THE EPC DISCUSSIONS, WHICH LED TO ADOPTION OF DECLARATIONS OF THE MIDDLE EAST AND CHINA AS WELL AS AN AGREEMENT ON A SET OF CONCLUSIONS DESCRIBED IN MY SIX FURTHER IFTS.

DETAIL

3. THE MEETING OPENED WITH THE USUAL SPEECH BY THE PRESIDENT OF THE EUROPEAN PARLIAMENT. LORD PLUMB CONCENTRATED ON THE MAIN SUBJECTS ON THE AGENDA - EMU AND THE SOCIAL DIMENSION BUT REFERRED ALSO TO THE SUCCESS OF THE COOPERATION PROCEDURE AND TO THE PARLIAMENT'S INTENTION TO PREPARE PROPOSALS ON THIS FUTURE DEVELOPMENT OF THE COMMUNITY. GONZALEZ (PRESIDENCY) CONGRATULATED LORD PLUMB ON HIS LEADERSHIP OF THE PARLIAMENT AND INVITED THE MEETING TO DISCUSS ECONOMIC AND MONETARY UNION (EMU).

EMU

4. DELORS (COMMISSION) GAVE AN ACCOUNT OF HIS REPORT. HE EMPHASISED THE PRINCIPLE OF SUBSIDIARITY AND THE AIM OF KEEPING BINDING RULES ON MEMBER STATES TO A MINIMUM BUT THE NEED NEVERTHESS FOR A SYSTEM OF EUROPEAN CENTRAL BANKS WHICH SHOULD BE INDEPENDENT OF

NATIONAL AUTHORITIES. THE GOAL OF ECONOMIC AND MONETARY UNION WITH FIXED EXCHANGE RATES SHOULD BE ATTAINED BY A GRADUAL STAGE BY STAGE PROCESS AND THE SETTING OF PRECISE DEADLINES SHOULD BE AVOIDED. THE EUROPEAN COUNCIL SHOULD GIVE A POLITICAL COMMITTEMENT TO THE GOAL OF EMU, SHOULD AGREE ON THE HOLDING OF AN INTER-GOVERNMENTAL CONFERENCE (IGC) AND SHOULD AGREE THAT THE FIRST STAGE, AS RECOMMENDED BY THE REPORT, SHOULD START ON 1 JULY 1990 (THE DATE ON WHICH THE LIBERALISATION OF CAPTIAL MOVEMENT COMES INTO FORCE). GONZALEZ SUGGESTED THAT DISCUSSION SHOULD CONCENTRATE ON WHETHER THE DELORS REPORT COULD BE ACCEPTED AS A BASIS FOR WORK AND ON THE QUESTION OF A DECISION ON THE FIRST STAGE AND THE LINK WITH THE LATER STAGES.

5. LUBBERS (NETHERLANDS) THOUGHT THE REPORT PROVIDED A GOOD BASIS FOR DISCUSSION. HE EMPHASISED THE IMPORTANCE OF SUBSIDIARITY -POWERS SHOULD BE TRANSFERRED TO THE COMMUNITY ONLY WHERE A CLEAR NEED TO DO SO COULD BE PROVED. HE AGREED THAT MOVEMENT TO ECONOMIC UNION SHOULD GO IN PARALLEL TO MONETARY UNION BUT CONVERGENCE ON THE BUDGETARY SIDE SHOULD BE LIMITED TO WHAT WAS NECESSARY. KOHL (GERMANY) SAID THE DELORS REPORT WAS HIS STARTING POINT. THE EUROPEAN COUNCIL SHOULD AGREE TO AFFIRM THE OBJECTIVE OF EMU IN ACCORDANCE WITH THE SINGLE ACT. THE REPORT WHICH HAD BEEN APPROVED BY UNANIMITY IMPLIED A SINGLE PROCESS AND PARA 39 WAS IMPORTANT. THE FIRST STAGE SHOULD START ON 1 JULY 1990 AND ALL COMMUNTIY CURRENCIES SHOULD BE INCLUDED IN THE EXCHANGE RATE MECHANISM (ERM). A MANDATE SHOULD BE GIVEN TO ECOFIN AND THE ECONOMIC POLICY COMMITTEE TO SET IN HAND DECISIONS ON THE FIRST STAGE AND TO PREPARE CONCRETE PROPOSALS FOR THE SECOND STAGE. AND IDC SHOULD BE SET UP IN A FORESEEABLE TIME.

6. SARTZETAKIS (GREECE) SAID THE DELORS REPORT WAS BALANCED AND GREECE AGREED WITH THE STAGED APPROACH. A START DATE FOR STAGE 1 SHOULD BE AGREED. THE DECISIONS ON LATER STAGES SHOULD DEPEND ON DEVELOPMENTS. THERE SHOULD BE AN INCREASE IN THE STRUCTURAL FUNDS BEFORE THE BEGINNING OF THE SECOND STAGE. BETTER MECHANISMS WERE NEED TO TRANSFER FUNDS TO THE LESS DEVELOPED REGIONS AND TO GIVE HELP IN DEALING WITH BALANCE OF PAYMENTS PROBLEMS. FLEXIBILITY WOULD ALSO BE NEEDED OVER THE DRACHMA JOINING THE ERM. THE POWERS OF THE PROPOSED CENTRAL BANK WOULD NEED TO BE CAREFULLY STUDIED. THERE SHOULD BE A COMMUNITY RESERVE FUND WHICH COULD INTERVENE A REQUEST OF A MEMBER STATE. TREATY REVISION WOULD BE NEEDED. SCHLUTER (DENMARK) SAID ALL WERE AGREED ON THE FINAL OBJECTIVE. HE COULD NOT AGREE TO PARARGRAPH 39 UNLESS STAGES 2 AND 3 HAD BEEN SPELT OUT AND NEGOTIATED IN ADVANCE. THE COMMITTEE OF CENTRAL BANK GOVERNORS AND THE ECOFIN CONCIL SHOULD BE GIVEN A MANDATE TO START WORK ON STAGE 1 AND TO CLARIFY STAGES 2 AND 3 IMMEDIATELY. THE DECISION ON THE IGC

COULD BE TAKEN LATER. MARTENS (BELGIUM) ALSO THOUGHT A MANDATE SHOULD BE AGREED TO START WORK ON STAGE 1 AND TO INVITE THE COMMISSION TO ESTABLISH AN INDICATIVE LIST OF DECISIONS WHICH WOULD HAVE TO BE TAKEN BY AN IGC. THERE SHOULD BE REPORT BACK AT THE DECEMBER EUROPEAN COUNCIL ON THESE TWO POINTS. IT SHOULD ALSO BE AGREED THAT STAGE 1 WOULD START ON 1 JULY 1990 AND THAT THERE WOULD BE AN IGC.

7. DE MITA (ITALY) SAID THE EUROPEAN COUNCIL SHOULD CONFIRM THE PRINCIPLE OF EMU AGREED IN HANOVER AND SHOULD AGREE ON PROCEDURE INCLUDING A START STAGE 1 AND THE PRINCIPLE OF SETTING UP AN IGC, WITHOUT SETTING A DATE. A MOVE TOWARDS EMU WOULD ACT AS AN ACCELERATOR TOWARDS POLITICAL UNION. CAVACO (PORTUGAL) SAID THAT BECAUSE OF THE POSSIBLE FINANCIAL AND SOCIAL CONSEQUENCES EMU SHOULD BE ACCOMPANIED BY CERTAIN GUARANTEES INCLUDING THE POSSIBILITY OF A TRANSFER OF RESOURCES TO POORER COUNTRIES. OTHERWISE THERE WAS A RISK OF A FLOW IN THE OPPOSITE DIRECTION. SOME LOSS OF NATIONAL AUTONOMY WAS INEVITABLE. BUT HE WONDERED WHETHER THE SMALL SIZE OF THE COMMUNITY BUDGET (2% OF PUBLIC EXPENDITURE IN THE COMMUNITY) WAS SUFFICIENT FOR A BALANCE TO BE MAINTAINED. WAYS MUST BE FOUND TO AVOID DESTABILISING CERTAIN MEMBER STATES.

8. THE PRIME MINISTER SAID THE DELORS REPORT WAS RIGHT TO GO FOR A STAGED APPROACH AND STAGE 1 SHOULD BE STARTED SOON. HAD STERLING BEEN IN THE EMS THIS WOULD HAVE BEEN DAMAGING BOTH TO US AND TO THE EMS, AS A RESULT OF STERLING'S STATUS AS A PETRO-CURRENCY. THE PRIME MINISTER DREW ATTENTION TO THE REFERENCE IN THE DELORS REPORT TO THE IMPORTANCE OF ALL COMMUNITY CURRENCIES JOINING THE EXCHANGE RATE MECHANISM OF THE EMS DURING STAGE 1. SHE MADE CLEAR THAT HER REACTION TO THIS WAS POSITIVE ALTHOUGH SHE COULD NOT SET A DATE FOR JOINING THE ERM. THE TIMING WOULD DEPEND ON PROGRESS IN THE UK AGAINST INFLATION AND PROGRESS IN THE COMMUNITY ON A SINGLE MARKET, AND PARTICULARLY ON THE ABOLITION OF EXCHANGE CONTROLS. THE TIMING OF THE DECISION WAS OF COURSE FOR HMG ALONE.

9. THE PRIME MINISTER SAID THAT STAGES 2 AND 3, HAD FAR REACHING ECONOMIC AND POLITICAL IMPLICATIONS WHICH WOULD NOT BE ACCEPTABLE TO THE BRITISH PARLIAMENT. SHE WAS SCEPTICAL OF THE IDEA OF MASSIVE SUBSIDISING ON THE COMMUNITY PERIPHERY. MORE WORK WAS NEEDED TO SEE WHETHER THERE WERE ANY OTHER POSSIBLE MODELS FOR REACHING EMU, AS AN ALTERNATIVE TO STAGES 2 AND 3. FINANCE MINISTERS WERE ALREADY PREPARING STAGE 1 AND THE EUROPEAN COUNCIL SHOULD ENDORSE THIS. MORE STUDY WAS NEEDED ON THE LATER STAGES.

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10. HAUGHEY (IRELAND) SAID A MEANINGFUL DECISION MUST TAKE ACCOUNT OF THE PROBLEMS OF THE POORER REGIONS OF THE COMMUNITY AND MUST TRY TO DIMINISH REGIONAL DIVERGENCIES. SANTER (LUXEMBOURG) EMPHASISED THE CONTRIBUTION OF THE WERNER REPORT ON THE MONETARY SIDE. THE BUDGETARY SIDE WOULD NEED TO CATCH UP. THE EUROPEAN COUNCIL SHOULD AGREE ON STAGE 1 BUT SHOULD NOT CONVENE AN IGC UNTIL THERE WAS AN AGREED BASIS FOR DOING SO. STAGES 2 AND 3 AND OTHER ALTERNATIVES NEEDED STUDY.

11. MITTERRAND (FRANCE) CONGRATULATED THE SPANISH PRESIDENCY ON THEIR ACHIEVEMENT. IT WAS IMPORTANT TO KEEP UP THE MOMENTUM. HE WELCOMED THE DELORS APPROACH. ALL WERE AGREED ON SETTING A DEADLINE FOR STARTING STAGE 1 BUT WHAT WAS THE POINT OF STAGE 1 IF THERE WERE NO FURTHER STAGES? FURTHER DEADLINES SHOULD BE SET NOW AS THEY HAD AT THE MILAN EUROPEAN COUNCIL WHICH HAD BEEN A SUCCESS.

12. AT A RESUMED SESSION, FOLLOWING LUNCH, GONZALEZ PROPOSED A FOUR POINT CONCLUSION: A) THE EUROPEAN COUNCIL SHOULD CONFIRM ITS SUPPORT OF EMU, AS ALREADY DECIDED IN THE SINGLE EUROPEAN ACT AND THE HANOVER CONCLUSIONS:

B) THE DELORS REPORT SHOULD BE ACCEPTED AS THE (A?) BASIS FOR AN OVERALL STAGED PROCESS TOWARDS EMU, WITH PARALLEL PROGRESS TO BE MADE ON THE ECONOMIC AND MONETARY SIDE.

C) THE FIRST STAGE SHOULD START ON 1 JULY 1990 AND BE PREPARED BY THE ECONFIN COUNCIL.

D) SOME DELEGATIONS THOUGHT AN IGC SHOULD BE CALLED TO PREPARE THE SECOND AND THIRD STAGES WHILE OTHERS PREFERRED TO GIVE A MANDATE TO THE COMPETENT ORGANS OF THE COMMUNITY TO UNDERTAKE STUDIES IN PREPARATION FOR AN IGC.

13. KOHL AGREED WITH THE FIRST THREE POINTS BUT REDEFINED POINT (D). THE COMPETENT AUTHORITIES (ECOFIN, FOREIGN AFFAIRS COUNCIL, THE COMMITTEE OF CENTRAL BANKS, MONETARY COMMITTEE, THE ECONOMIC POLICY COMMITTEE AND THE COMMISSION) WOULD TAKE DECISIONS ON STAGE 1 AND SHOULD MAKE CONCRETE PROPOSALS FOR STAGES 2 AND 3. AN IGC SHOULD BE SET UP AFTER THE START OF STAGE 1 AND AFTER SUFFICIENT WORK HAD

BEEN DONE ON STAGES 2 AND 3 TO GIVE THE IGC A GOOD PROSPECT OF SUCCESS. GONZALEZ SAID KOHL HAD CORRECTLY INTERPRETED ONE OF HIS OPTIONS BUT RECALLED THAT MITTERRAND PREFERRED THE OPTION OF CALLING AN IGC NOW. THE PRIME MINISTER SAID THAT THE REFERENCE TO A STEP BY STEP PROCESS LEADING TO EMU COULD BE SEEN AS INVOLVING THE TRANSFER OF FUNDAMENTAL ISSUES OF SOVEREIGNTY. WHE AND OTHERS COULD NOT ACCEPT THIS. SHE WOULD PREFER TO SEE THE REPORT AS 'A TOOL FOR FURTHER WORK'. WORK WAS NEEDED ON OTHER WAYS OF ACHIEVING EMU. HOW COULD WE GO AHEAD WITH AN IGC UNTIL FURTHER WORK HAD BEEN DONE?

14. LUBBERS WELCOMED THE PRESIDENCY'S FOUR POINTS BUT THOUGHT THAT (D) SHOULD BE QUALIFIED BY A REFERENCE TO THE PRINCIPLE OF SUBSIDIARITY AND THE NEED FOR A LARGER MARGIN OF AUTONOMY FOR MEMBER STATES THAN PROVIDED FOR IN THE DELORS REPORT. DELORS SAID HE COULD ACCEPT THIS. HIS REPORT WAS NOT A BIBLE AND THERE WAS NO NEED TO FOLLOW IT EXACTLY AS LONG AS THE PROCESS WAS CONSIDERED AS A WHOLE.

15. SCHLUTER SAID HE TOO HAD DOUBTS ABOUT STAGES 2 AND 3 AND THERE MUST BE NO PROVISION FOR PASSING AUTOMATICALLY FROM ONE STAGE TO ANOTHER. CAVACO SAID THE DELORS REPORT SHOULD ONLY BE DESCRIBED AS (A NOT THE) BASE FOR FURTHER WORK AND THE DECISION TO CALL AN IGC SHOULD BE TAKEN AFTER PREPARATORY STUDIES ON STAGES 2 AND 3 IN THE APPROPRIATE FORA. DE MITA COULD AGREE THE PRESIDENCY'S CONCLUSIONS IF ALL COULD DO SO BUT WOULD HAVE PREFERRED A DECISION TO CALL AN IGC IMMEDIATELY. MARTENS COULD AGREE THE PRESIDENCY'S CONCLUSION BUT EMPHASISED THAT A DECISION TO EMBARK ON STAGE 1 SHOULD BE ACCOMPANIED BY A COMMITMENT TO THE OTHER STAGES. OTHERWISE WE WOULD NEVER GET BEYOND STAGE 1.

16. MITTERRAND SAID ALL MUST AGREE TO REAFFIRM THE COMMITMENT MADE AT HANOVER. STAGE 1 WAS NOT AN END IN ITSELF. WE COULD NOT IDENTIFY THE CONTENTS OF STGES 2 AND 3 NOW BUT WE SHOULD AGREE THAT THERE WOULD BE SUCH STAGES. WE MUST AGREE ON THE PRINCIPLE OF HOLDING AN IGC. HE ACCEPTED THE IDEA OF SUBSIDIARITY THAT AS MUCH AS POSSIBLE SHOULD BE LEFT TO GOVERNMENTS. GONZALEZ CONCLUDED THAT A REVISED TEXT OF HIS FOUR POINTS TAKING ACCOUNT OF THE POINTS MADE BY KOHL, LUBBERS AND SARTZETAKIS WOULD BE CIRCULATED THE NEXT DAY.

INTERNAL MARKET SOCIAL DIMENSION ETC

17. DELORS SAID GOOD PROGRSS WAS BEING MADE ON THE INTERNAL MARKET WITH 32 DECISIONS ADOPTED UNDER THE SPANISH PRESIDENCY AND HALF OF THE DECISIONS NOW TAKEN. PROGRESS HAD BEEN MADE ON FINANCIAL SERVICES BUT AN EFFORT WAS STILL NEEDED ON INSURANCE. THERE WAS ALSO

WORK TO DO ON TAX, AUDIO-VISUAL, PHYSICAL FRONTIERS AND ENVIRONMENT. ON THE LATTER SOME IMPORTANT DECISIONS HAD BEEN TAKEN E.G. ON SMALL CARS AND THE LONDON AND HAGUE CONFERENCES BUT HE HOPED AGREEMENT WOULD BE REACHED ON A EUROPEAN ENVIRONMENTAL AGENCY WHICH WOULD BE LIMITED TO COLLECTING DATA AND OPEN TO EFTA COUNTRIES. THE SOCIAL DIMENSION WAS NOT NEW AND ITS IMPLEMENTATION SHOULD RESPECT SUBSIDIARITY AND THE DIVERSITY OF PRACTICES IN MEMBER STATES. UNDER HIS PRESIDENCY NO PROPOSAL HAD BEEN PRESENTED WHICH INTERFERED WITH SOVEREIGNTY. THE SOCIAL CHARTER WOULD HAVE POLITICAL AND SYMBOLIC VALUE IN REAFFIRMING THE COMMUNITY'S VALUES. BUT HE HAD NO INTENTION OF INTERFERING IN THE BALANCE OF POWERS BETWEEN MEMBER STATES AND THE COMMUNITY. ANDRIESEN (VICE-PRESIDENT OF THE COMMISSION FOR EXTERNAL RELATIONS) REFERRED BRIEFLY TO THE INTEREST OF THIRD COUNTRIES IN THE COMMUNITY'S ACHIEVEMENTS ON THE SINGLE MARKET AND TO RECENT SUCCESSES IN THE URUGUAY ROUND, IN RELATIONS WITH THE US, IN DEALING WITH EFTA (WHERE THE COMMUNITY WOULD HAVE TO CONSIDER WHETHER IT WAS READY TO COOPERATE AT AN INSTITUTIONAL LEVEL) AND IN ITS COOPERATION AGREEMENTS WITH EASTERN COUNTRIES.

18. LUBBERS CALLED FOR MORE ACTION IN THE FIELD OF ROAD TRANSPORT, ESPECIALLY CABOTAGE AND THE EXCISE TAX ON DIESEL OIL. THE SOCIAL CHARTER SHOULD BE A MINIMUM AND THE QUESTION OF IMMIGRANTS FROM THIRD COUNTRIES SHOULD NOT BE FORGOTTEN.

19. THE PRIME MINISTER EMPHASISED THE NEED FOR PROGRESS ON AIR AND ROAD TRANSPORT. ALSO MORE WORK WAS NEEDED ON INVESTMENT SERVICES AND INSURANCE AS WELL AS IN THE FIELDS OF STANDARDS AND PUBLIC PROCUREMENT. SHE WAS ALSO CONCERNED ABOUT THE IMPLEMENTATION OF THE DIRECTIVES ALREADY AGREED. THERE WAS A RISK THAT SOME MEMBER STATES WOULD FALL SERIOUSLY BEHIND. WE SHOULD INTENSIFY THE FIGHT AGAINST STATE AIDS AND THE GROWING DELAYS IN LIBERALISING CAPITAL MOVEMENTS. ON THE SOCIAL DIMENSION, EACH MEMBER STATE HAD ITS OWN POLICIES EVEN IF THERE WERE SOME COMMON ELEMENTS. HER FEAR WAS THAT THE ADOPTION OF A SOCIAL CHARTER WOULD BE USED AS A PRETEXT FOR PUTTING FORWARD DIRECTIVES. THE COUNCIL OF EUROPE CHARTER WAS A GOOD TEXT. IT WAS PREFERABLE FOR EACH MEMBER STATE TO DEAL WITH THE HANDICAPPED, RETIRED OR SICK IN ITS OWN WAY. SHE WAS OPPOSED TO A MINIMUM WAGE AND IT WAS BETTER TO HAVE A SYSTEM FOR TOPPING UP PAYMENTS TO THOSE WHO DID NOT EARN ENOUGH DEPENDING ON THEIR FAMILY SIZE. TO IMPOSE AN IDENTICAL SYSTEM ON ALL MEMBER STATES WOULD BE WHOLLY ARTIFICIAL. THE CHARTER SHOULD INCLUDE OBLIGATIONS AS WELL AS RIGHTS OR IT WOULD SEND THE WRONG MESSAGE.

20. CAVACO WELCOMED THE PROPOSED CHARTER. MIGRANT WORKERS WHO WERE

NATIONALS OF MEMBER STATES SHOULD NOT BE FORGOTTEN. MARTENS THOUGHT THE SOCIAL CHARTER HAD GREAT POLITICAL AND SYMBOLIC VALUE. SARTZETAKIS SAID THE SOCIAL CHARTER WAS THE GUARANTEE FOR ALL LEVELS OF SOCIETY THAT THEY WOULD BENEFIT FROM THE SAME MARKET. THE COMMISSION SHOULD PRESENT AN ACTION PROGRAMME - THIS WAS THE HUMAN FACE OF EUROPE. KOHL SAID THE PROPOSAL FOR QUOTAS ON BROADCASTING WAS UNREASONABLE AND WOULD CREATE CONFLICT WITH THE UNITED STATES, WHOSE SUPPORT WE NEEDED ON HDTV. ON THE SOCIAL CHARTER HE AGREED WITH THE PRIME MINISTER ON THE IMPORTANCE OF DIFFERENCE BETWEEN MEMBER STATES BUT SAW NO OBJECTIN TO A CATALOGUE OF RIGHTS.

21. SANTER WHO WAS IN FAVOUR OF BINDING MINIMUM STANDARDS WHILE AVOIDING OVER-REGULATION. HAUGHEY AGREED WITH THE PRIME MINISTER ON THE NEED FOR MORE WORK ON A LIBERALISATION OF AIR TRANSPORT. HE WAS IN FAVOUR OF PROGRESS ON THE SOCILA DIMENSION AND THE SOCIAL CHARTER WAS ACCEPTABLE BUT EACH MEMBER STATES'S DIFFERENT TRADITIONS HSOULD BE TAKEN INTO ACCOUNT. HE WAS ALSO IN FAVOUR OF THE PROPOSAL FOR A EUROPEAN ENVIRONMENTAL AGENCY.

22. GONZALEZ SAID THE INTERNAL MARKET HAD A SOCIAL IMPACT AND WE MUST SEE THAT IT LED TO JOB CREATION. THE EUROPEAN COUNCIL SHOULD SEND A CLEAR SIGNAL THAT IT WANTED PROGRESS ON THE PRELIMINARY DRAFT FOR THE SOCIAL CHARTER, WHILE RESPECTING THE COMMUNITY'S DIVERSITY. HE HOPED THE UK COULD SUPPORT THE CONCLUSIONS AGREED BY 11 SOCIAL AFFAIRS MINISTERS. THE MOMENTUM SHOULD BE KEPT UP ON THE BROADCASTING DIRECTIVE. WE SHOULD AGREE ON THE EUROPEAN ENVIRONMENTAL AGENCY. DRAFT CONCLUSIONS ON THE POINTS RAISED WOULD BE CIRCULATED ON THE FOLLOWING DAY.

SECOND DAY

23. IN DISCUSSION OF THE TEXTS CIRCULATED OVERNIGHT WE WERE ABLE TO SECURE SOME IMPROVEMENT OF THE LANGUAGE ON THE INTERNAL MARKET. WE ALSO GOT AGREEMENT TO THE INCLUSION OF A USEFUL PARAGRAPH ON FRAUD (WHICH HAD BEEN MISSED OUT OF THE CONCLUSIONS, ALTHOUGH AGREED IN AADVANCE BY THE SPANISH PRESIDENCY). IN THE AUDIO VISUAL SECTION A REFERENCE TO THE DESIRABILITY OF EARLY AGREEMENT ON THE BROADCASTING DIRECTIVE WAS AGREED. ON THE FREE MOVEMENT OF PERSONS A MANDATE WAS GIVEN TO THE COORDINATORS GROUP TO FOLLOW UP THE WORK PROGRAMME.

24. ON THE SOCIAL DIMENTION AGREEMTNE WAS REACHED WITHOUT DIFFICULTY ON A TEXT REFERRING TO THE ACCEPTANCE BY 11 DELEGATIONS OF THE CONCLUSIONS AGREED BY THE SOCIAL AFFAIRS COUNCIL ON 12 JUNE. IN DISCUSSION OF THE TEXT ON THE ENVIRONMENT A CALL FOR A PROGRAMME

FOR THE PROTECTION OF THE ENVIRONMENT IN THE MEDITERRANEAN REGIONS WAS AMENDED TO REPLACE THE MEDITERRANEAN REGIONS BY THE REGIONS OF THE COMMUNITY AFFECTED.

25. ON ECONOMIC AND MONETARY UNION, AGREEMENT WAS REACHED WITHOUT MUCH DIFFICULTY ON THE FIRST THREE PARAGRAPHS RESPECTIVELY REAFFIRMING THE OBJECTIVE OF ECONOMIC AND MONETARY UNION, WELCOMING THE DELORS REPORT AS A GOOD BASIS FOR FURTHER WORK (WITH A USEFUL REFERENCE TO SUBSIDIARITY) AND AGREEING THAT THE FIRST STAGE SHOULD BEGIN ON 1 APRIL 1990. THERE WAS ALSO AGREEMENT ON PARA 4 A ON THE LAUNCHING OF THE FIRST STAGE. THERE WAS A LENGTHY DISCUSSIN ABOUT PARAGRAPH 4 B. MITTERRAND PRESSED HARD FOR A DEADLINE, SUGGESTING AT ONE POINT THAT THE SECOND AND THIRD STAGES SHOULD BE COMPLETED BY 31 DECEMBER 1992. IT RAPIDLY BECAME CLEAR THAT HE WAS ISOLATED AND THAT 11 DELEGATIONS COULD ACCEPT THE ORIGINAL TEXT. AT THIS STAGE DE MITA PROPOSED A TEXT ON THE LINES OF THE FINAL CONCLUSION. THE PRIME MINISTER SAID SHE COULD ACCEPT THIS BUT WISHED TO MAKE A UNILATERAL DECLARATION AS FOLLOWS:

' ' THE UNITED KINGDOM NOTES THAT THERE IS NO AUTOMATICITY ABOUT THE MOVE TO NOR THE TIMING OR CONTENT OR STAGE 2. THE UK WILL TAKE ITS DECISIONS ON THESE MATTERS IN THE LIGHT OF THE PROGRESS WHICH HAS BY THEN BEEN MADE IN STAGE 1, IN PARTICULAR OVER THE COMPLETION OF ALL MEASURES AGREED AS BEING NECESSARY TO COMPLETE' '.

PRESIDENT MITTERRAND SAID HE ALSO WISHED TO MAKE A DECLARATION OF THE EFFECT THAT THE IGC SHOULD MEET AS SOON AS POSSIBLE AFTER 1 JULY 1990. GONZALEZ CALLED FOR BOTH DECLARATIONS TO BE WITHDRAWN, RECALLING THAT THE EUROPEAN COUNCIL DID NOT IN ANY CASE HAVE A RECORD IN WHICH MINUTES COULD BE INSCRIBED. THE PRIME MINISTER POINTED OUT THAT SHE HAD MADE HER DECLARATION AND MIGHT WISH TO REPEAT IT ELSEWHERE.

26. THE SECTION ON EXTERNAL RELATIONS WAS AGREED WITHOUT DIFFICULTY BUT WITH AN AMENDMENT OF THE PASSAGE ON DEBT TO REMOVE ANY SUGGESTION OF THE COMMUNITY HAVE COMPETENCE IN THIS FIELD. IT WAS ALSO AGREED THAT A REFERENCE TO RELATIONS WITH THE UNITED STATES SHOULD BE INCLUDED. THE PARAGRAPH ON THE SPANISH PROPOSAL FOR A EUROPEAN GUARANTEE FUND TO DEAL WITH DEBT PROBLEMS WAS SHORTENED. AFTER A BRIEF DISCUSSION OF THE POLITICAL COOPERATION TEXTS THE MEETING WAS CONCLUDED.

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