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LNPCAN 6700 LMLNAN 7727
RESTRICTED
FM LUXEM TO FCOLN
191145Z NOV
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RESTRICTED
FM LUXEMBOURG
TO IMMEDIATE FCO
TELNO 443
OF 191145Z NOVEMBER 90
AND TO IMMEDIATE UKREP BRUSSELS
AND TO PRIORITY OTHER EC POSTS

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SHEINWALD'S TELELETTER OF 13 NOV: CALL ON LUXEMBOURG FINANCE MINISTER: EMU

SUMMARY

1. JUNCKER COMPLAINS OF LACK OF CONTACT WITH ITALIAN PRESIDENCY. HOPES FOR SUBSTANTIAL DISCUSSION AT INFORMAL ECOFIN ON 2 DEC. REPEATS PERSONAL COMMITMENT TO IGC REACHING AGREEMENT AS 12 AND STILL HOPES TO START WITH STAGE TWO. EXPRESSES CONCERN ABOUT BELGIAN HOSTILITY TO UK AND MISMATCH BETWEEN UK/GERMAN VIEWS OF WHAT OTHER WILL ULTIMATELY ACCEPT. A VISIT BY WICKS WOULD BE WELCOME IN LATE DEC/EARLY JAN.

DETAIL

2. I HAD NEARLY AN HOUR ALONE WITH JUNCKER ON FRIDAY EVENING. AFTER THANKING HIM FOR AGREEING TO SEE THE SCRUTINY COMMITTEE (THE SAME DAY AS THE CONSERVATIVE LEADERSHIP ELECTION), I SAID THAT THE CHANCELLOR HAD FOUND HIS DISCUSSION WITH JUNCKER IN LONDON VERY USEFUL AND HAD ASKED ME TO KEEP IN TOUCH. JUNCKER DID MOST OF THE TALKING.
3. JUNCKER THOUGHT THAT ROME I HAD SOLVED NOTHING. DATES BY THEMSELVES WERE A WASTE OF TIME. THE CARLI FORMULA PICKED UP IN THE CONCLUSIONS COVERED A MULTITUDE OF IMPRECISIONS. I SAID WE HAD MUCH APPRECIATED SANTER'S LINE WITH THE PRESS. JUNCKER TOOK CREDIT FOR HAVING STIFFENED THIS WITH THE MENTION OF PROBLEMS STILL OUTSTANDING.
4. I SAID IT WOULD BE HELPFUL IF JUNCKER WOULD USE HIS INFLUENCE WITH THE ITALIANS TO DISCOURAGE THEM FROM SIMILARLY FORCING THE ISSUE AT ROME II EG BY PRESSING FOR A DATE FOR STAGE III. JUNCKER SAID THAT HE HAD REGULAR CONTACTS WITH EVERYBODY BUT THE ITALIANS. THEY HAD VOUCHSAFED HIM NO INFORMATION ABOUT THEIR INTENTIONS. THE ITALIANS MIGHT TABLE THE TEXTS BEING DRAFTED BY THE COMMISSION OR THEY MIGHT STAGE A PURELY CEREMONIAL IGC OPENING. EITHER WAY THE LUXEMBOURG PRESIDENCY WOULD HAVE MAXIMUM DIFFICULTY IN PICKING UP THE THREADS. HE HOPED TO USE THE FORMAL ECOFIN MEETING IN MILAN ON 2 DECEMBER TO GET A REAL DISCUSSION OF THE ISSUES INVOLVED. THIS MEETING COULD BE VERY IMPORTANT.
5. ON THE HANDLING OF THE IGC ITSELF, JUNCKER SAID HE COULD ASSURE ME THAT HE WOULD NOT CONDUCT THE PRESIDENCY IN SUCH A WAY AS TO ISOLATE THE BRITISH GOVERNMENT. IN LUXEMBOURG FORTUNATELY THERE WERE NOT THE SAME PRESSURES AS IN ITALY FOR HEADLINES ABOUT PRESIDENCY EUROPEAN "ACHIEVEMENTS". HE BELIEVED PROFOUNDLY THAT IT WAS IMPORTANT FOR THE TWELVE TO GO FORWARD TOGETHER AND THAT BRITAIN WAS NEEDED. BUT HE KNEW FROM PARTY MEETINGS WITH OTHER CHRISTIAN-SOCIAL LEADERS (WHICH JUNCKER ATTENDS AS PRESIDENT OF THE

LUXEMBOURG CHRISIAN-SOCIAL PARTY) THAT MOST OF THEM FELT THIS LESS STRONGLY THAN HE DID AND BELGIAN MINISTERS OPENLY TOOK THE LINE THAT THE BRITISH COULD NOT AGREE "TANT PIS". HE DID NOT INTEND TO PUSH THINGS THOUGH HE MIGHT BE OBLIGED TO TELL OTHERS THAT HE WOULD WORK FOR QUICK PROGRESS. JUNCKER WENT ON TO SAY THAT SOME OF HIS COMMUNITY COLLEAGUES THOUGHT THE BEST WAY OF ENCOURAGING A FAVOURABLE EVOLUTION OF VIEWS IN THE CONSERVATIVE PARTY WAS TO FORCE THE PACE SO AS TO BRING A RESOLUTION SOONER RATHER THAN LATER. I SAID THAT BRITISH OPINION TOWARDS THE COMMUNITY HAD COME A LONG WAY, BUT THERE WAS STILL A WIDESPREAD UNDERLYING FEELING IN THE COUNTRY AGAINST FEDERALISM AND THE LOSS OF SOVEREIGNTY WHICH NO BRITISH GOVERNMENT COULD IGNORE.

6. JUNCKER SAID THERE WAS ONE POINT WHICH CONCERNED HIM WHICH HE HAD NOT FULLY BEEN ABLE TO GET OVER TO THE CHANCELLOR IN ENGLISH. MANY PEOPLE THOUGHT THAT AT THE END OF THE DAY BRITAIN WOULD ACCEPT THE DELORS APPROACH. MR MAJOR HAD WARNED HIM THAT THIS WAS NOT TRUE AND HAD SAID HE BELIEVED THAT GERMANY WOULD ALSO ULTIMATELY SAY NO. BUT CHANCELLOR KOHL TOLD HIM THAT THE UK WOULD ULTIMATELY SAY YES AND MAINTAINED THAT GERMANY MUST DO SO BECAUSE OF THE HISTORIC FEAR THAT GERMANY MIGHT TURN ITS BACK ON WESTERN EUROPE. JUNCKER SAID THIS DOUBLE ILLUSION COULD DERAIL THE NEGOTIATIONS. HE DESCRIBED IT AS PRE-PROGRAMMED FIASCO.

7. I SAID THAT WE HOPED THAT BEFORE ROME II, ECOFIN AND THE MONETARY COMMITTEE COULD FURTHER EXAMINE THE DUTCH, SPANISH AND BRITISH PROPOSALS. JUNCKER MADE NO OBJECTION EXCEPT TO POINT OUT THAT THE MONETARY COMMITTEE HAD ALREADY LOOKED AT THE BRITISH PROPOSALS IN THE SUMMER. AS FAR AS THE IGC ITSELF WAS CONCERNED HE HOPED AS DISCUSSED WITH MR MAJOR IN LONDON TO START WITH STAGE II BUT HE WAS UNDER CONSIDERABLE PRESSURE FROM OTHERS TO START WITH STAGE III. HE DID NOT SEE HOW HE COULD START STAGE II BY FOCUSING ON THE MAJOR PROPOSALS. IT MIGHT BE POSSIBLE TO GET TO THEM BY STARTING WITH THE SPANISH AND DUTCH IDEAS.

8. JUNCKER (WHOSE DESK WAS A MOUNTAIN OF FILES) SAID THAT THE PRESSURES OF THE BUDGET AND TAX REFORM WERE KEEPING HIM FROM GETTING DOWN TO PREPARING HIS PRESIDENCY ROLE AS HE WOULD LIKE. HE HOPED I WOULD COME AND SEE HIM AGAIN AROUND 15 DECEMBER WHEN HIS IDEAS FOR THE PRESIDENCY SHOULD BE CLEARER. I SAID THAT NIGEL WICKS WOULD BE GLAD TO VISIT LUXEMBOURG FOR A DAY IF JUNCKER THOUGHT IT USEFUL. JUNCKER SAID THIS WOULD BE GOOD IN LATE DECEMBER OR EARLY JANUARY. I PROMISED TO PURSUE THIS IDEA WITH MERSCH.

CAMPBELL

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