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FROM: T TARKOWSKI  
DATE: 8 JANUARY 1991  
EXTN: 4519

## NOTE FOR THE RECORD

cc PS/Financial Secretary  
Sir P Middleton  
Sir T Burns  
Mr Wicks  
Mr H P Evans  
Mr Scholar  
Mrs Lomax  
Mr Bostock  
Mr Gray  
Mr Pratt  
Mr McIntyre  
Mr S J Davies  
Mr Saunders  
Mr Macpherson  
Mr A E W White

**PUBLICATION OF EMF TREATY TEXTS: CHANCELLOR'S CONVERSATION WITH  
M BEREGOVY**

The Chancellor spoke to Beregovoy on the telephone yesterday afternoon at about 3.30 pm to say that he would be writing to M Juncker today formally to table draft treaty texts setting out in legal form our proposals for the EMF and the hard ecu, with some amplification. He had just despatched a letter to Beregovoy with a copy. As Beregovoy understood, could not accept the imposition of a single currency and a single monetary authority. But we did recognise the possibility that our proposals could lead to the development of a single currency and a single monetary authority if that were what peoples and governments wanted. For that reason we would be participating in full in all discussions. The point he wished to make crystal clear was that he was putting forward proposals as a basis for discussion, not as a blueprint. He was not trying to anchor discussions in Stage 2. He was eager and willing to listen to others' ideas on how concepts could be developed and improved. It seemed only sensible to discuss UK texts along with other Stage 2 texts tabled. Here the UK's approach would be to try to concentrate on areas of agreement before trying to go on to other areas. His impression, contrary

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to what quite a number of others were saying, was that there was considerable common ground between the French and UK governments he was anxious to explore this.

2. Beregovoy said that it was clear that there was a disagreement on the final objective, since France accepted that a single currency and monetary authority should be the outcome of the process. However it should be possible to reconcile, or at least bring closer together, the steps on the way to that end, despite the fact that for the moment we had somewhat divergent objectives. If it was possible to consider the UK proposals as leading towards a single currency and the establishment of a single authority in the long term, France would not oppose them. Indeed, France would approach the negotiations with an open mind, not excluding any ideas. He agreed that the need was to find areas of common ground. Clearly, all draft treaty texts should be considered alongside each other: France would also be tabling a draft.

3. The Chancellor said that it was a common experience, in the course of negotiations, to find that despite different, or perhaps he should say potentially different, views it was possible to agree on practical steps forward. Beregovoy agreed. Of course there would be no agreement if all negotiations began at the end point. The key was to start at the beginning and find an evolutionary approach. And to subordinate work on the final Stage to a step by step process in which each step would be taken in the light of experience with the previous step and the decision on the final outcome would be subject to the agreement of national authorities. On this basis it should be possible to reach some agreement. To sum up, he did not exclude any ideas provided that no-one attempted to block progress by the others. He looked forward to a good 'tight' discussion in the IGC.

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4. The Chancellor thanked Beregovoy for his helpful comments. He very much hoped to be able to arrange another meeting with him. Beregovoy said he would be visiting London in February and it was agreed that they should meet then, diaries permitting (we are pursuing).

*Tancred Tarkowski*

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cc: Mr Powell - No.10  
Mr Gozney - FCO

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