

CEPC
②

ol



Foreign and Commonwealth Office

London SW1A 2AH

5 February 1991

Prime Minister

Dear Charles,

Yes →

You will want to discuss this - again - with Chancellor Kohl.

EMU and EPU Inter-Governmental Conferences

*CDD
5/2*

Over dinner at Sir John Kerr's house on 3 February, David Williamson, British Secretary-General of the Commission, told the Foreign Secretary and Mr Garel-Jones that the Luxembourg Presidency were likely to want to show some results from one or other of the Inter Governmental Conferences during their Presidency term. At present, they were probably thinking of scoring this achievement in the Political Union IGC. But this was likely to prove beyond them. If so, they would turn to the Economic and Monetary Union IGC. The Luxembourgers probably realised that agreement by June on EMU treaty language was unrealistic. But they might wish the June Council to give a firm orientation to the EMU IGC discussions, on the lines that the Italians attempted at Rome I and II.

In discussion, the Foreign Secretary underlined that any acceleration of the pace in either IGC would be unwelcome and politically very sensitive in the UK.

As things stand, the likely natural run of both IGCs is to a climax at the December European Council in Maastricht under the Dutch Presidency. Chancellor Kohl continues to link the two IGCs and clearly wants to bring them to a head together. The prospects of deferring the moment for major decisions on either IGC into the Portuguese Presidency are low. To give the Portuguese a Presidency handle on the outcome might anyway risk increased pressure on "cohesion" and for increased Structural Funds: the Dutch are a more known quantity.

The Foreign Secretary has encouraged Sir John Kerr to play the negotiations in both IGCs towards a climax in November/December. Because of the political context, the Foreign Secretary wanted the Prime Minister to know that, on the basis of Williamson's assessment, which

/Sir John Kerr



Sir John Kerr endorses, there is a risk that the Luxembourg Presidency will be looking for some achievement, short of a decision, this June.

I am copying this letter to John Gieve (HM Treasury).

*Yours ever,
Christopher Prentice.*

(C N R Prentice)
Private Secretary

Sir Charles Powell KCMG
10 Downing Street

