



Foreign and Commonwealth Office

London SW1A 2AH

6 June 1988

GCPC

Dear Charles

Possible Visit by Former President Giscard d'Estaing

In your letter of 2 May you said it would be difficult for the Prime Minister to see M. Giscard d'Estaing before the Hanover European Council. We have now received the enclosed letter from M. Giscard d'Estaing to the Prime Minister seeking a meeting. The letter implies (but does not explicitly state) that M. Giscard d'Estaing would like a meeting before Hanover. In discussion with our Embassy, Giscard's office have, however, made it absolutely clear that Giscard wants to meet the Prime Minister before Hanover.

As we discussed, and as our Embassy in Paris have already explained to M. Giscard d'Estaing's office, a meeting before the second round of the French elections on 12 June would not be appropriate. A meeting between then and the Hanover European Council is effectively ruled out because of the Prime Minister's other engagements. We therefore recommend that the Prime Minister should reply to M. Giscard d'Estaing explaining that she is unable to see him before the European Council. The letter need not say anything about a possible meeting after the European Council: we can wait to see if Giscard returns to the charge. I enclose a draft.

I am copying this letter to Alex Allan in the Treasury.

How ever

L. Parker

(L Parker)
Private Secretary

Paris, le 9 Mai 1988

VALÉRY GISCARD D'ESTAING

Madame le Premier Ministre,

Le Comité pour l'Union Monétaire de l'Europe, coprésidé par l'ancien Chancelier Helmut SCHMIDT et moi-même, a établi un rapport : "Un programme pour l'action", résultant des travaux menés par le Comité depuis Décembre 1986, notamment au cours des cinq réunions plénières qu'il a tenues à Bruxelles (Décembre 1986), Bonn (Mars 1987), Bruxelles (Juin 1987), Rome (Novembre 1987) et Paris (Février 1988). Ce rapport marque l'accord de personnalités de nationalité et de formation différentes soucieuses de faire progresser de manière concrète la construction monétaire européenne.

Le programme pour l'action est fondé sur un petit nombre de propositions concrètes ; création d'une banque centrale européenne ; unification des circuits de l'Ecu public et de l'Ecu privé ; développement des opérations privées en monnaie européenne ; libération des mouvements de capitaux ; convergence des politiques économiques dans leur ensemble. Sa réalisation passe par l'engagement sans délai d'un double mouvement, l'un fondé sur des impulsions gouvernementales, l'autre résultant d'impulsions en provenance des marchés.

Il appartient au Conseil Européen de se saisir de ces questions et de donner une nouvelle impulsion à la construction monétaire européenne.

Aussi, le Chancelier SCHMIDT et moi-même avons transmis, dès le mois d'Avril, ce document au Chancelier KOHL, Président en exercice du Conseil Européen, et à M. DELORS, Président de la Commission des Communautés Européennes.

...

Il apparaît aujourd'hui que les questions de coopération monétaire européenne ont normalement vocation à figurer à l'ordre du jour du prochain Conseil Européen de Hanovre. Je vous prie en conséquence de bien vouloir trouver ci-joint un exemplaire du programme pour l'action du Comité pour l'Union Monétaire de l'Europe.

Compte tenu du poids du Royaume-Uni en Europe, du rôle de la place financière de Londres et du statut de la livre sterling, votre position personnelle sur cet ensemble de sujets revêt une très grande importance. Aussi, serais-je heureux d'avoir, de nouveau, l'occasion de m'en entretenir avec vous, de manière à vous faire part des réflexions conduites par notre Comité dans une perspective plus large de construction de l'Europe et d'affirmation de sa place dans le monde.

Je vous prie de croire, Madame le Premier Ministre, à l'expression de ma considération la plus distinguée,

*et de celle de mon souvenir personnel le
meilleur -*

V. Pisani d'Estvauz

Mrs Margaret THATCHER,
Premier Ministre du Royaume Uni

FOLLOWING IS AN INFORMAL TRANSLATION OF A LETTER TO THE
PRIME MINISTER FROM M. GISCARD d'ESTAING DATED 9 MAY 1988

"The Committee for European Monetary Union, of which former Chancellor Helmut Schmidt and I are co-Chairmen, has just produced a report called "A programme for action". This is a result of the Committee's work since December 1986 and, in particular, of five plenary meetings held in Brussels (December 1986), Bonn (March 1987), Brussels (June 1987), Rome (November 1987) and Paris (February 1988). The report represents the agreed view of a number of eminent people of different nationalities and background. We are all anxious to see concrete progress towards European monetary construction. /

Our action programme is based on a small number of concrete proposals: creation of a European Central Bank; joint circulation of the public and private ecu; greater use of European currency in private business transactions; liberalisation of capital movements; greater overall convergence of economic policy. For this to happen requires an immediate commitment to action on two fronts, one based on the initiative of governments, the other on market forces.

It must now fall to the European Council to discuss these issues and to give a fresh direction to European monetary construction.

With this in mind, in April Chancellor Schmidt and I sent our Committee's work to Chancellor Kohl as current President of the European Council and to M. Delors as President of the Commission.

These issues of monetary cooperation are expected to figure on the agenda of the next European Council in Hanover and I am therefore enclosing for you a copy of the action programme prepared by the Committee for European Monetary Union.

Given the influence of the United Kingdom in Europe, London's role as a financial centre and the status of the pound sterling, your own position on these issues is of great importance. I would therefore welcome, once again, the opportunity to talk to you about these issues so that I can tell you about the discussions in our committee and set them in the wider perspective of the development of Europe and the strengthening of Europe's role in the world."

[Courtesy ending]

Paper removed from file

Date

6-6-88

Giscard d'ESTAING

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

CAHADC

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

M. Valéry Giscard d'Estaing

GCB

[Pl. ret. -
into FCS letter]

Copies to:

(11)

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 9 May, which I have just received.

CAVEAT.....

I was very glad to have your account of the work being done by your Committee. Many of the issues you have been discussing, such as liberalisation of capital movements, development of the use of the private ecu, and closer cooperation on monetary policy between monetary authorities are under active discussion within the European Community, and I hope for further early progress on them. I am sure the work of your Committee will make an important contribution to the discussion. // It was good of you to suggest that we might meet to talk about these matters. Unfortunately my programme this month is very crowded, for I shall be out of the country at the Economic Summit in Toronto, and subsequently on a visit to Canada, for much of the mid-June period, and I leave for Hanover almost as soon as I get back.

will have to

With best wishes.

CM.

Enclosures—flag(s).....

FRANCE: Relations

pt 4

