



Foreign and Commonwealth Office

London SW1A 2AH

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Di Austin
*COP 4/ri**Dear Charles, or.*Delors

The Foreign Secretary had a useful informal discussion with M. Delors over the weekend about the Rhodes European Council.

Delors was clear that there would be no need to discuss Monetary or Tax issues: they would be for next year. The Foreign Secretary agreed, while urging that the Delors Group report on monetary issues, due in April, should allow for a step-by-step practical approach. (Delors was at pains to pay tribute to our skill in developing the use of the ECU, and hoped that the London market would continue to make the running.)

Delors did not mention the Environment as a Rhodes subject (though we know that the Greeks will insist on some discussion of environmental concerns). His ideas on the scope and nature of the discussion of External Issues were sensible: he wishes to avoid discussion taking off into an ideological and wide-ranging debate, and accepted the Foreign Secretary's view that it might best be focussed on dealing with the new US Administration, and shared experiences of East/West relations. He also agreed on the importance of not signalling the possibility of a Rhodes discussion of the Montreal MTM: like us, he hopes that the Community's position will be satisfactorily settled in the Foreign Affairs Council on 21/22 November. Nor did he dissent when the Foreign Secretary argued that the EC must be ready to move on agriculture at the MTM. (Incidentally, the Foreign Secretary welcomed the Commission's 19 October statement on the external implications of 1992.)

Delors was also concerned to avoid a wide-ranging discussion of the social dimension at Rhodes. The Foreign Secretary agreed, and explained why we had difficulty with the concept of "scope space". Delors said that he was aware of that, and that was why he always spoke of the "social dimension". The Foreign Secretary

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said that that was consistent with our endorsement, since Keith Joseph's day, of the social market economy. On that basis, we had no objection to concepts such as action against unemployment (labour mobility, retraining and so on); but we did have difficulty with anything which appeared to impose mandatory participation by trade union representatives in company management. We had not spent 10 years redefining the basis of industrial relations only to have unacceptable practices reintroduced from outside. Delors recognised that the trade unions in Britain had played a uniquely negative role, but hoped we would not rule out reaffirming our acceptance of dialogue with the social partners. Debate at Rhodes on the Social Dimension should however be minimised. The Foreign Secretary agreed.

Delors did, however, think that if the Greeks were not allowed to major on most of their favourite subjects, we would have to allow them something. He thought they might want to give a push to something on youth exchanges and the like - perhaps ERASMUS and COMETT. This is a useful tip-off: we shall look into it with the other departments concerned.

Copies of this letter go to Alex Allan (HM Treasury), Neil Thornton (DTI), Shirley Staff (MAFF), Clive Norris (DEmp), Tom Jeffery (DES) and Trevor Woolley (Cabinet Office).

Yours ever,

P.P.

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Private Secretary

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