

PRIME MINISTER

EUROPEAN COUNCIL STRASBOURG: EMU

I understand your reluctance to agree at all that there should be a IGC. But if we just stand pat on that, we cannot on our own stop one happening and we shall lose any opportunity to attach conditions and qualifications to it. The latter is likely to be the approach adopted by the Germans, and there may be scope to find common ground with them.

It seems to me it would be better to state publicly that:

- (i) we think an IGC premature and unnecessary;
- (ii) if one is nonetheless held next year, we give advance notice that we shall not - then or later - accept Stages II and III of the Delors Report;
- (iii) in addition, we would wish to see the conditions set out in the Chancellor's letter fulfilled.

C.D.P.

(C. D. POWELL)

27 November 1989

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Agreed *ms*

SECRET



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From the Private Secretary

27 November 1989

Dear John.

EUROPEAN COUNCIL, STRASBOURG: EMU

Thank you for your letter of 24 November about possible conclusions we might aim for at Strasbourg on an Inter-Governmental Conference on EMU. Stephen Wall also wrote the same day with the Foreign Secretary's views.

The Prime Minister has considered this and thinks that the elements of our position should be as follows:

- we think an IGC in 1990 premature and we could not support it, with its presumption of Treaty change, on the timescale envisaged.
- we give notice that, if an IGC is nonetheless agreed the next year, we shall not then or later accept stages two and three of the Delors Report.
- we should work behind the scenes to secure the inclusion in any text adopted at Strasbourg of the points in your letter and the enclosure to it.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office).

Yours sincerely

C. D. POWELL

John Gieve, Esq.
H.M. Treasury

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