



Foreign &
Commonwealth
Office

London SW1A 2AH

30 May 1991

Dear Stephen,

Yes. Perhaps wrap
this week.
(For/Back a wrap
for work).

4.6.

1) as Jhs

1) Prime Minister

(1)

The coverage looks right

Prime Minister's Meeting with Chancellor Kohl, 9 June :
Checklist

I enclose, as requested, a checklist of suggested points
to be covered by the Prime Minister with Chancellor Kohl on
9 June. This includes a contribution from HM Treasury.

I am sending a copy of this letter to Jeremy Heyward, HM
Treasury.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

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10 Downing Street

POLITICAL UNION IGC

- Objective: agree on stocktaking at Luxembourg, with final decisions at Maastricht. Identify common ground and look for a way round differences.
- Timing: take note of progress at Luxembourg, and keep up momentum for agreement at Maastricht. Don't want to rush fences.
- Overall Structure: present Presidency structure broadly OK. No need - and no time - to start again.
- Common Foreign and Security Policy: concentrate on substance not procedure. Doubts over two-tier structure and QMV.
- Defence Policy: must work together for an outcome which does not undermine NATO. Need parallel progress in IGC and NATO review.
- Justice/Drugs/Crime: agree on need for higher profile. We want inter-governmental cooperation; Germany wants Treaty of Rome activity. But may be common ground.
- Other Institutional Issues (EP/QMV/Competence): we differ, and must find a way through.

EMU IGC

- Objective: stocktaking at June European Council with decisions at Maastricht.
- Avoid Luxembourg texts which endorse:
 - detailed partial agreements;
 - Presidency non-paper (NB. German difficulties with Stage II institutions: Presidency want to set up ESCB in 1994).

In particular do not try to settle "no imposition" in June: part of a wider package.

- To help Luxembourgers, maybe need to develop some limited but apparently substantive conclusions in June - particularly about convergence.
- EC Finance: looking beyond IGCs, neither of us wants to add to domestic budgetary burdens. Must avoid another increase in Own Resources ceiling. Explore common ground:
 - avoid commitments/promises for new spending from EPU IGC;
 - reduce Commission ambitions (signs that Delors wants another rise in OR ceiling).

PROSPECTS FOR EUROPEAN COUNCIL

- IGCs: (see above): essentially stocktaking, and preparing ground for Maastricht.
- GATT/CAP Reform: must show other GATT partners we are serious about CAP reform; and must give an impetus to end Uruguay Round this year.
- EPC Subjects: must show Community responding to world crises: European Council should look at:
 - arms exports: the Germans are keen on this subject (e.g. Genscher's letter to colleagues). We want agreement at the European Council on:
 - (i) criteria on exports of conventional arms;
 - (ii) an EC initiative at UNGA on a UN arms register.
- Agreement in the Twelve could then be pushed in other fora (G7, P5). The Arms Exports Working Group meets on 5 June so we should be reasonably placed by 9 June to discuss tactics with the Germans for the European Council.
- Yugoslavia: need to encourage Yugoslavs to involve CSCE in the crisis.
- sporting links with South Africa: the Germans are being difficult and saying existing EPC policy is fine (support to black sports). Their position contradicts indications from earlier talks with them and we need to shift them.
- Frontiers: Kohl likely to want agreement on combatting cross border crime and tackling immigration threat. Outside Schengen, our perspective is different. Worth exploring if common ground exists.

OTHER SUBJECTS

- Soviet Union:
 - prospects for reform (Centre/Republics; Gorbachev/Yeltsin; Pavlov/Yavlinsky);
 - London Economic Summit: pros and cons of Gorbachev's attendance;
 - limits on scope. Western assistance (even if real economic reform begins).
- Iraq: future of the relief effort for Iraqi refugees.

