

PRIME MINISTER

INTER-GOVERNMENTAL CONFERENCES

*Yes This is fine as a
basis but see the bottom
of P2 of this note. This*

I attach a letter from the FCO setting out, on the private basis *discussion* for which you asked, our assessment of what we might hope to achieve at Maastricht and what the main pitfalls for us are likely to be. *will need*

should be well prepared. half a day, 7-28-7

Both the letter and the annexes are worth reading. The prospects on EMU look relatively good except that it seems unlikely that we can avoid binding rules for budgetary disciplines. You have already told the Chancellor of the Exchequer that we could live with such rules in the very last analysis and on a very limited basis.

On political union the main difficulties will be:

(i) The structure of the treaty. We shall probably be able to preserve the basic pillared structure but a real attempt is being made by others to blur the distinction between those bits of the treaty which come under Community law and those which do not. We will need to establish beyond doubt that inter-governmental cooperation is not subject to the ECJ. It may be hard to avoid bringing some interior/justice matters into Community competence and I think we need more analysis of what we should or could not live with in this area. As regards CSFP, I think we should be absolutely clear that this does not come under Community competence in any way.

(ii) Should we allow majority voting in any circumstances under CFSP? The idea of having framework decisions taken by unanimity and implementing decisions taken by qualified majority vote is a recipe for confusion and for gradual erosion of our position on foreign policy issues.

I suspect there could be real trouble in the House if it was thought that we were compromising our ability to take national foreign policy decisions. I think we will need to be pretty hard line on this. The issue of a common defence policy may boil down to one of clever drafting to ensure that we are not committed to a Community defence policy which would undermine NATO.

Agreed ✓

(ii) Powers of the European Parliament. The key question will be whether Ministers are prepared to contemplate a formula which would permit the European Parliament to halt the legislative process. It could be argued that it is more damaging to the position of the Council to allow the EP to alter the content of legislation agreed by the Council than to be able to halt the legislation altogether.

Needs more thought + consultation

(iii) Extensions of qualified majority voting and competence. We should be able to live with some extensions in the fields of environment, education, research, health and culture. The sticking point for us will be the social area.

Yes ✓

Tactics

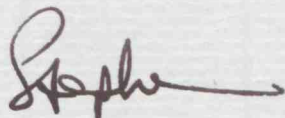
The Foreign Secretary's advice is that we will need to be very firm, indeed difficult, over our main points through the autumn. Otherwise, the assumption will be that we will sign up to almost anything at the end. This points to having a meeting of OPD perhaps rather sooner than the late October timing proposed by the FCO. You will in any case need to have a fairly clear picture in your mind, before you see Mr. Lubbers in September, of what we can or cannot live with.

You might therefore want to arrange a discussion with the Foreign Secretary, the Chancellor, John Kerr and Nigel Wicks in early September.

Yes ✓

with a detailed point-by-point agenda + assessment of our own + that of others.

Tristan Garel-Jones. You might like to see the briefing paper which Tristan Garel-Jones has put round as holiday reading for Government backbenchers.



J. S. WALL

26 July 1991

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