

**SUBJECT
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Cole M
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Filed on:

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From the Private Secretary

27 January 1992

Dear Christopher,

**CALL ON THE PRIME MINISTER BY THE LEADER OF THE IRISH OPPOSITION:
EDG MEMBERSHIP OF THE EPP**

Much of the discussion at this afternoon's meeting between the Prime Minister and Mr. Bruton was about the EDG's application to join the EPP. Mr. Bruton saw three issues which might stand in the way of the successful application: a single currency, the pillared approach in the European Union Treaty and the Social Chapter. On the single currency, if Britain did not take part Ireland would have the only land border in Europe where money would need to be changed. On the pillared approach he thought that the objections to what had been agreed at Maastricht were more theoretical than real. He had some sympathy with Britain on the substance of the Social Chapter but Ireland now had the worst of both worlds. Ireland would be tied by German rules which could inhibit inward investment while Britain could do very well by contrast. Ireland did not want to be isolated in this way. It might be more difficult to reach an accommodation on these issues after Maastricht than it would have been before Maastricht.

The Prime Minister said that it should be the other way round. If people like the Belgians and the Dutch wanted to maximise their influence then they should have the EDG within the group. As regards the Single Currency, Britain would be one of the countries able to meet the criteria. But it was not a practical or political proposition to commit ourselves now. At the same time, if Europe went ahead with the Single Currency without Britain they would be taking a massive risk so it was in the interests of the rest of the Community to encourage us. That too pointed to EDG membership of the EPP.

On the Social Chapter, the Prime Minister said that there was no way we were going to sacrifice our competitiveness. A number of other Member States had had objections to the Social Chapter but had simply been too chicken to say so. He doubted whether much would now happen under the Social Chapter and he did not believe that Ireland would be put at a disadvantage. The Eleven would gnash their teeth but, apart from tokenism designed to demonstrate that they could not be held up by Britain, he did not think a great deal would be done.

As regards the European Defence pillar, the Prime Minister imagined that Ireland would slowly move from neutrality. Under the Intergovernmental mechanism agreed in the Maastricht Treaty, Ireland would have time to do so. The alternative would have been Commission pressure for very rapid action.

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Overall, the Prime Minister added, Maastricht had seen a big step forward for the Community. It would be monstrous if the biggest Party in one of the largest Community countries, on the eve of the British Presidency, was denied entry into the EPP.

Mr. Bruton said that Fianna Gael's position was in part governed by the fact that they did not want the Gaullists to join the EPP because that would bring in Fianna Fail. However, this danger was a limited one since Chancellor Kohl appeared to want no contact with Chirac. Prime Minister Martens was a genius at working out compromises to seemingly impossible problems. Mr. Bruton wanted to see the EDG brought closer to the EPP but he could not sell full membership at this stage. It had to be an organic process.

I am copying this letter to Ian Dougal (Chancellor of the Duchy of Lancaster's Office).

Jaw.

Stephen

J. S. WALL

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