

Subject with briefing for
 Cossiga Unit ~~April~~ April: Italy
 Jan 80: Unit of Italian PM.

Ref. A02022

PRIME MINISTER

Preparations for the European Council - Sheepmeat

*In your
 Order*

The penultimate paragraph of the Minister of Agriculture's Assistant Private Secretary's letter of 23 April to Mr Alexander records the Minister's view that you should not give Signor Cossiga any indication in advance of the European Council that we might be ready to agree to intervention as part of a Community regime for sheepmeat.

2. It is clear that the French are putting in a maximum bid and that we shall not want to concede all their demands (which, as the Minister says, appears to amount to Community-wide intervention all year round). Nor will some other countries want to do so. But that is a different question from what should be said to Signor Cossiga. After the meeting of Personal Representatives on 2 April, the Italians circulated a text which might be acceptable to us in the context of a satisfactory settlement of our Budget problem. It contains safeguards which I have underlined and reads as follows -

"The European Council considers that the future market organisation for sheepmeat, based on principles of free circulation and financial solidarity, must provide appropriate income protection for the farmers concerned through recourse to private storage measures and producer premiums as well as, if the need arises and on a temporary basis, through intervention purchases for certain qualities of meat, this measure being confined to limited periods and certain areas of the Community."

3. When you see Signor Cossiga tomorrow, you might mention during the discussion that, while we could not accept the text on sheepmeat circulated at this week's Agriculture Council by the French, we might be able to accept the Ruggiero text in the context of a satisfactory Budget settlement. In this

way you would indicate the limits of our flexibility. It could be a mistake to say nothing to Cossiga on this point, sheepmeat being an area where concessions are less costly to us than in other areas where the French and others have made a link.

ROBERT ARMSTRONG

24 April 1980