

CONFIDENTIAL



Ewo  
Top copy:  
Ewo Pst, July 79, PM's mtg  
with Mr James Scott-  
Hopkins

10 DOWNING STREET

From the Private Secretary

5 February 1980

Call by Mr. Scott-Hopkins

As you know, the Chairman of the European Democratic Group, Mr. Scott-Hopkins, called on the Prime Minister this morning. He has just been re-nominated as Chairman of the European Democratic Group in the European Parliament. The Lord Privy Seal was also present.

Mr. Scott-Hopkins told the Prime Minister that the situation in the European Parliament at present was complex and confused. The lobbies of the MEPs were dominated by the twin issues of the Community budget and the Common Agricultural Policy. The MEPs were constantly reminded of the impact of their decision to reject the Community budget by the fact that they had lost 40 per cent of their funds. Fortunately the position of the members of the European Democratic Group was not too bad as the Group had a considerable sum of money (8 million Belgian francs) in its reserves. Mr. Scott-Hopkins said that his own expectation was that the European Parliament would not accept the new budget proposal which the Commission would be submitting to them. He thought that they would regard the proportion of the budget devoted to the CAP as still too large.

On the CAP, he said that nobody in the European Parliament liked it. The German Members, of all political complexions, would join the members of the European Democratic Group in pushing for reform. Only the French were united in opposing reform. The Prime Minister asked whether there would be support for a proposal to write in to the Community budget a limit on the proportion of the budget devoted to the CAP. Mr. Scott-Hopkins said that the Parliament had tried to do this but Ministers had been unwilling to agree. He thought there would still be difficulties with the French, the Irish and the Danes. On the general question of agricultural surpluses, Mr. Scott-Hopkins said the real problem was with milk. He was less concerned about sugar since he thought that by 1983 there would be an excess of demand, world-wide, over supply.

In reply to a question from Mr. Scott-Hopkins, the Prime Minister said that she did not think there would now be an early meeting of the European Council. There would be no point in such a meeting unless agreement was in sight. The planned meeting on 31 March/1 April fell within the present financial year and could therefore produce results which could be taken into account in the next financial year. This was the essential point for her. She expected the March meeting to be a very difficult one. As regards possible

CONFIDENTIAL

/ solutions to

8

CONFIDENTIAL

- 2 -

solutions to the budget issue, the Prime Minister said that the situation was more or less clear on the contributions side but that we required a great deal more on the receipts side. There would have to be schemes specially tailored for the UK: she mentioned coal, transport, Ulster, and redundancy and run-down payments in the steel and shipbuilding industries. Whatever money was produced would have to be in substitute for expenditures already being incurred.

At the end of the conversation the Prime Minister repeated that it was essential that the UK obtain a satisfactory solution. She did not wish to be driven to withholding our contributions. Mr. Scott-Hopkins said that he also hoped that it would not be necessary for Britain to withhold contributions but that this was the only real weapon that Britain had.

I am sending copies of this letter to John Wiggins (HM Treasury) Garth Waters (MAFF) and David Wright (Cabinet Office).

MORBA.

Michael Richardson, Esq.,  
Office of the Lord Privy Seal.

CONFIDENTIAL