

MR. CARTLEDGE

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FCO input.*

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The Prime Minister spoke with Peter Walker in Luxembourg at 1045 tonight about Community negotiations on milk prices.

Peter Walker said that he would not give way on the price of milk, and that the Benelux countries stood with the UK. The Italians were sympathetic but could go either way. The Germans might also deal either way.

The French delegation left the meeting after lunch. A meeting scheduled for the afternoon was cancelled. Peter Walker said the French had presumably gone to brief Giscard for the meeting in Strasbourg.

The Prime Minister agreed that it was not possible to go on compromising, and told Peter Walker to stand firm, stressing that we were utterly committed to change milk policies even if a few other points were surrendered.

Peter Walker agreed he would not budge, and confirmed he would not be returning to London tomorrow.

G. Baldwin.

19 June 1979