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CABINET OFFICE  
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28 NOV 1979  
FILING INSTRUCTIONS  
FILE No. ....

Foreign and Commonwealth Office

London SW1A 2AH

28 November 1979

Sir Robert Armstrong KCB CVO  
CABINET OFFICE

Prime Minister

Para 2+3

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Dear Robert,

1. I have a few minor comments on the draft opening statement for the Prime Minister on the budget item at Dublin, attached to your minute of 27 November. I also have one new suggestion.

2. The draft statement may succeed in drawing the others on to the negotiating ground which suits us best: we would aim to pocket the revised financial mechanism and concentrate the debate on the extent and nature of the action required on the receipts side. But we ought to consider what will happen if the others refuse to play and simply insist that they are not prepared to do more than 1-200 meva on the receipts side.

3. It seems to us that in this situation the Prime Minister might try an alternative tack, by pressing the others to make clear not how far they will go to reduce the UK contribution, but how much in their view the UK should reasonably be expected to contribute. Michael Butler tells me he has found this an effective way of putting his colleagues onto the defensive. The aim is to force the others to say whether they really consider it right that the UK should contribute for instance as much as Germany, or three or four times more than France. If they can be brought to acknowledge that this would be unreasonable, one could make a renewed effort to press them to agree to a reasonable figure for our net contribution. The size of the necessary remedial action (on the basis of the Commission's proposals) can then be deduced. I enclose a short speaking note suggesting how the point might be made.

4. My three minor comments are:

a) in the last sentence of paragraph 2 it would be better to say "as the Community told us in 1970", not "as the Council of Ministers promised in 1970". The quotation is from the Commission report referred to in paragraph 13 of the draft. Although the report was transmitted to the negotiating conference "following examination by the Council" I think it better to avoid a categorical assertion that it contained a promise by the Council.

b) you might think it worth including, perhaps at the end of paragraph 6, a reference to the Strasbourg Council conclusions on the lines "We agreed in Strasbourg that decisions should be taken at this meeting and we now have to complete that task."

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c) on a typing point the figure in the last sentence  
of paragraph 17 should be 262 million.

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*[Handwritten signature]*  
Michael Palliser

cc: Sir Kenneth Couzens KCB,  
HM TREASURY

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