

PRIME MINISTER'S ENGAGEMENTS

Mrs. Thatcher, accompanied by Lord Carrington, was now in the middle of the second (enlarged) session of talks with the Italian Prime Minister, Signor Francesco Cossiga (he is accompanied by the Italian Foreign Minister, Attilio Ruffini).

There would be a joint press conference at Church House at 1215 and, after a working lunch, Signor Cossiga would return to Italy this afternoon.

There was the possibility of a meeting of Ministers early this evening.

IN THE HOUSE

Statement by Peter Walker - Council of Ministers (Fisheries).

2 Private Notice Questions were running:

- Roy Hughes to Home Secretary on Newport steel works incidents;
- Tam Dalyell to Lord Privy Seal to ask for a statement on a possible arms and package to Pakistan.

COSSIGA VISIT

We understood that the talks so far had been friendly, businesslike and practical. A special summit to deal further with the UK budget was still "a runner" and we wanted an early summit. The £1 billion figure was, Lobby were reminded, a temporary and increasing one.

CABINET PAPER LEAK

We did not know of any result to the enquiry.

PRIME MINISTER TO VISIT CHINA?

Mrs. Thatcher had no firm plans to visit China this August.

BROADCASTING BILL

Early next month was a likely time.

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LOBBY BRIEFING

time: 4.00

date: 30.1.80

This morning's briefing was repeated.

SIGNOR COSSIGA'S VISIT/EEC BUDGET

We said that the Prime Minister and Signor Cossiga had had a very good, friendly meeting. Signor Cossiga wanted to be helpful. We were not much clearer about the prospects of having an early Council meeting to resolve our budget problem but then we could not be until the Commission's proposals for increasing Community spending in the UK came forward and until Signor Cossiga and the Italian Foreign Minister had seen their other colleagues in the Nine, which he had undertaken to do. We did not expect to solve everything in a day and the Government recognised that we would have to keep hammering away at the problem. The Prime Minister's resolve had not weakened. She hoped to have an early Summit but had said quite clearly at the press conference and elsewhere that there was no point in going to an early Summit unless there were reasonable prospects of success. We still wanted a Summit sooner rather than later but only when the ground had been properly prepared.

Was the £320-350 million offered at Dublin to solve the contribution aspect of the problem still there? We thought so, although the French might dispute it.

Did we need to have a decision on the reduction of an EEC budget contribution before (a) further reductions in public expenditure for 1980/81 or (b) our own Budget on 26 March were announced? No, Ministers would obviously make their calculations (viz. Prime Minister on "Weekend World") but they could not bank on a sum of money until the problem of our EEC budget contribution had been solved.

MEETING OF MINISTERS

We expected the meeting of Ministers later this evening to be one of the regular reviews of the steel situation by the Ministers concerned.

VISIT TO CHINA

Asked to comment on the Daily Telegraph story, we said that the Prime Minister had accepted an invitation in principle to visit China when Chairman Hua was here but we thought it unlikely that her

programme would allow her to go this year.

As regards the Harrier deal, negotiations were still continuing between British Aerospace and the Chinese Government. Negotiations involving such sophisticated equipment inevitably took a long time to complete.

Asked whether this Government would seek to make a deal on Harrier conditional on agreement to greater trading links with China in other areas, we said that the geo-political situation had changed considerably since the last Government had made this link. We did not think that a deal on Harrier was quite so closely linked with prospects for trade in other areas as it had been in the past.

CVA