

PRIME MINISTER

European Council in Strasbourg: 21/22 June

I resubmit below your briefs for the European Council in Strasbourg. In the front of the folder you will find:

- A redraft which I have prepared of your very first intervention in the Council, in response to the word of welcome which President Giscard can be expected to give;
- A note on the tactics of ensuring that the Budget is discussed on the first day;
- a revised speaking note on the substance of the Budget issue;
- the notes for which you asked on our balance of trade with other EEC countries and on the dispute between the Germans and the Dutch over North Sea gas.

You will first meet President Giscard at the lunch which he is giving for Heads of Government and Foreign Ministers at the Prefecture at 1300. I think that your best tactics would be to find an opportunity to raise with him, during the lunch, both the douceur of our increased contribution to Lomé and our strong wish to dispose of the Budget problem during the First Session, so that officials can get on with drafting. I therefore attach, in the buff folder, a speaking card with a possible form of words.

/ President Giscard's

President Giscard's response to you at lunch will give you some idea of what can be expected from him when the Council Session begins. It will be important to listen very carefully when he runs through his suggestions for the agenda, so as to check that the "Convergence" item has now been moved up ahead of "Energy" and preferably even higher. If it has not - ie, if "Energy" still comes before "Convergence", you should again interrupt and spell out to the Council as a whole the same arguments as you will have used with President Giscard at lunch for getting the Budget problem out of the way on the first day.

When the "Convergence" item is actually reached, you will wish to speak on the lines of the revised speaking note in the buff folder.

It would be very helpful to our drafting team if you could meet them immediately following the end of the first Session, before you go off to dinner with President Giscard, in order to tell them what has been agreed. This could probably best be done back in the Grand Hotel, since we do not have enough entry passes to the Hotel de Ville to enable all the drafting team to get in there at once.

The programme as a whole, with notes where necessary, will be as follows:

Thursday 21 June:

0800	Depart No. 10 for Northolt
0850	Depart for Strasbourg in RAF Andover, with other members of your delegation (flight takes just over 2 hours)
1155	Arrive Strasbourg
(local time)	Drive to the Grand Hotel (in Rolls, accompanied by Sir Reginald Hibbert)
1230	Arrive Grand Hotel 20 minutes free
1250	Depart for Prefecture (19 rue Brulée) Lunch given by President Giscard

- 1430 approx Depart from the Prefecture by car to the Cathedral: then disembark and walk, with other Heads of Government, through the old quarter to the Hotel de Ville. (NOTE: The old streets are paved with cobblestones and it is therefore suggested that you should have a pair of flat shoes in the Rolls into which you can change - your normal shoes would be taken ahead to the Hotel de Ville so that you can change back again on arrival.)
- 1500 First Session opens in the Hotel de Ville
- 1830 First Session ends
- Return to Grand Hotel
- 1950 Depart for the Chateau des Rohan
- Dinner given by President Giscard for Heads of Government only.
- (I shall probably be stationed in an adjacent room in case you need anything or wish to send any messages.)

Friday 22 June

- 0920 Leave Grand Hotel for Hotel de Ville
- 0930 Second session begins in the Hotel de Ville
- 1230 Second session ends
- President Giscard gives Press Conference at Palais de l'Europe (other Heads of Government do not attend) (This will be the best time for you to see British correspondents if you wished to do so)
- 1300 The Strasbourg Municipality are offering lunch to Heads of Government and senior members of their delegations. This is optional and we know that President Giscard himself does not propose to attend. You can therefore choose between going to the Strasbourg lunch or leaving earlier and having lunch on the Andover on the way home.
- Which would you like to do?
- 1330 or Depart Strasbourg for Northolt
- 1500
- 1430 or Arrive Northolt.
- 1600 Drive to No. 10
- (local time)

I have also put in the front of folder I some late telegrams relevant to the Council.

We can discuss any of the above during the flight to Strasbourg if you wish. *John.*

20 June 1979

1.6 ~~2mbd~~

SPEAKING NOTE: THE BUDGET: "CONVERGENCE"

Came here - get European Council face up to inequitable burden Community budget places on UK.

Did not expect solutions today.

Wanted firm agreement - decisions will be taken before end of year which will deal with our problem.

A clear step-by-step drill for tackling this problem. Very specific instructions to Commission.

First, they describe in a reference paper the consequences of Budget for each member, looking forward to 1979 and 1980.

Secondly, they submit this report to Finance Council. Report can be debated there and if necessary members can make own proposals.

Thirdly, Commission to take account of this debate and to present proposals in good time for decisions to be taken at Dublin in November.

Believe now wide acceptance that there is major problem which has to be tackled.

People will look after own bargaining position. Will certainly do same for UK. But need for important change implicit in European Council conclusion.

POINTS TO MAKE TO PRESIDENT GISCARD
DURING LUNCH ON 21 JUNE:

You will remember our discussion over lunch in the Elysée on 5 June about the British position on the new Lomé Convention. This has posed a difficult problem for us at a time when we are introducing very drastic cuts in public expenditure from which our aid budget is by no means exempt.

However, I told you in Paris that I would be willing to look at the matter again and I have done so. I am glad to tell you that we are willing to increase the UK contribution to Lomé to 850 million units of account and I hope that this will resolve the difficulty which has arisen. I must, however, make it clear that this is our final figure.

/ You will also

You will also recall that we discussed, in Paris, our wish to tackle, at this Council, the problem of the UK's net contribution to the Community Budget. There need be no long discussion of this matter since, as we also agreed in Paris, the objective need only be to give the Commission instructions to produce possible solutions before the next European Council. But I think it is important to tackle the matter this afternoon, so that our officials can be instructed to work overnight on a draft text which can be endorsed by the Council tomorrow morning. The Council will not itself have to act as a drafting group. I very much hope, therefore, that we can have a brief discussion on the Budget problem before we move on to the longer discussion on energy.