



Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

COMMUNITY BUDGET PROBLEM

In Bonn on 18 November I agreed with the Foreign Secretary that we should not, in advance of the European Council, circulate to the other Member States and the Commission a paper setting out our scheme for a solution to the Community Budget problem. But at our meeting on 19 November to discuss preparations for the European Council we agreed to keep open the possibility of doing so in due course.

2. The arguments in favour of doing so were set out in my minute of 11 November, the Minutes of the OD Meeting on 12 November and my Private Secretary's letter to you of 17 November. In brief, it would provide public evidence of our efforts to find a truly communautaire solution during our Presidency; it would make clear our requirements from the negotiation; and it would get away from the situation in which there was only one scheme - the Commission's - on the table.

3. I believe that we should make a paper available to the other Member States and the Commission reasonably soon after the European Council and certainly before the end of the year. The drafting of the present paper can readily be adapted to present the scheme as the outcome of our reflections on the range of opinions expressed at this week's European Council. I would favour an undramatic approach: we might stress that our aim is to make a constructive contribution to the debate inside

Papers
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file

Prime Minister
To note at this stage.

Paul

MS

CONFIDENTIAL



the Community; and rather than tabling the paper at a Community meeting, we might send it round via our Embassies in Community capitals.

4. Perhaps we could discuss this soon after the European Council meeting? And in the meantime, I think it most important that nothing be said or implied which might be taken as indicating that we are prepared to negotiate on the basis of the Commission scheme.

5. I am sending copies of this minute to the Foreign Secretary and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G.H.'.

(G.H.)

24 November 1981