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PM/81/29

PRIME MINISTER

I am not very happy with it. The style is awful and it has some strange for a communication. Mr Welles are content? May this text be given to the Dutch next week, possibly the Chancellor or not.

Prime Minister.

Budget Restructuring: 29-30 June European Council

1. We need to consider how best to steer the European Council next month to conclusions on the budget restructuring mandate which will be consistent with our objectives and set the work on the right lines for our Presidency. Given the situation in France we obviously cannot hope to get very far on substance.

2. Officials have prepared the attached draft as a possible text for inclusion in the communiqué. It concentrates on the procedural arrangements to carry the work forward, while stressing its importance and its urgency. Paragraph 3 outlines the three areas of work which we believe are important, and on which we expect the Commission's report to concentrate. Even getting the European Council to agree that these are the three areas of work would be helpful, but if we try to enter too much into substance there will be no prospect of an agreed text. For that reason it does not refer to issues like the 1% ceiling which are certain to be controversial. Of course this in no way precludes you from making the British view on this clear at the Council, and we hope Chancellor Schmidt will do the same.

3. Paragraph 4 of the draft is designed to create the necessary degree of central control over the exercise without

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prejudging at this stage how the work of the Foreign Affairs and other Councils should be brought together. Paragraph 6, by referring to the involvement of Heads of Government, would provide the basis for us to propose special procedures such as a group of personal representatives if it becomes clear that the existing Community institutions are not making adequate progress.

4. If you and our colleagues agree, officials would give this text to the Dutch Presidency at a meeting to be held in the Hague on 27 May.

5. I am copying this minute and attachment to the Chancellor of the Exchequer, the Minister of Agriculture and Sir Robert Armstrong.


(CARRINGTON)

Foreign and Commonwealth Office
21 May 1981

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DRAFT CONCLUSIONS OF THE 29-30 JUNE EUROPEAN COUNCIL ON RESTRUCTURING

1. The Heads of State and Government had a first discussion of the Commission's paper. They welcomed this useful contribution and invited the Commission to continue to contribute actively to the work under the 30 May mandate during the months ahead and to make the necessary formal proposals in good time for decisions to be taken.

2. They confirmed that it was their firm intention that the necessary decisions provided for under the 30 May mandate should be taken before the end of the year and they agreed that this would be the major topic for their next meeting in London on 26-27 November.

3. They agreed that the preparatory work would need to concentrate on three main areas:

(i) The strengthening of the CAP by bringing its costs under firm control and by discouraging the production of structural surpluses:

(ii) The future development of the non-agricultural spending policies of the Community in such a way as to contribute most effectively to the needs of the Community in the 1980's and to the economic convergence of the member states;

(iii) The consideration of such additional measures as might be needed to avoid the recurrence of an unacceptable situation for any member state.

~~is~~ ? low VAT levies ?

4. Heads of State and Government wished their consideration of the restructuring mandate at their meeting in November to be very thoroughly prepared. They therefore asked the Foreign Affairs Council to give this high priority, drawing on the work of other Councils as appropriate.



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5. They agreed to ask the European Parliament for its views on the Commission paper and invited them to make these available to the Council by the end of September.

6. The Heads of State and Government made it clear that they intended to take a close and continuing personal interest in the work under the 30 May mandate, which they regarded as essential to the future wellbeing and development of the Community.