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FRAME GENERAL
FM FCO 201100Z NOV 81
TO FLASH ATHENS
TELEGRAM NUMBER 266 OF 20 NOVEMBER
AND TO FLASH OTHER EC POSTS AND UKREP BRUSSELS
EUROPEAN COUNCIL: 26/27 NOVEMBER:
MESSAGE FROM PRIME MINISTER

1. FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER TO OTHER
HEADS OF STATE/GOVERNMENT AND PRESIDENT OF THE COMMISSION.
GRATEFUL IF YOU COULD ENSURE DELIVERY TODAY.

BEGINS

WE ARE NOW ONLY A WEEK AWAY FROM THE MEETING OF THE EUROPEAN
COUNCIL IN LONDON. LAST JUNE WE SET OURSELVES THE TARGET OF
REACHING DECISIONS ON THE MANDATE ON THIS OCCASION.
MUCH WORK HAS BEEN DONE BY THE FOREIGN MINISTERS AND BY THE
MANDATE GROUP. BUT IT IS CLEAR THAT THERE ARE SEVERAL ISSUES
THEY HAVE NOT BEEN ABLE TO RESOLVE. THESE THEREFORE FALL TO US
TO CONSIDER. WE WILL BRING SEVERE CRITICISM ON THE COMMUNITY,
TO WHOSE FUTURE DEVELOPMENT WE ARE ALL COMMITTED, IF WE FAIL
TO ACHIEVE OUR PUBLICLY DECLARED OBJECTIVE OF TAKING DECISIONS
THIS YEAR. THE HARD FACT IS THAT IT WILL BE NO EASIER TO TAKE
THE DECISIONS NEXT SPRING. SO I HOPE VERY MUCH THAT I WILL
HAVE YOUR CO-OPERATION IN WORKING TO MAXIMISE THE AREAS OF
AGREEMENT WHEN WE MEET NEXT WEEK.

ONE THING THAT DOES SEEM CLEAR FROM THE DISCUSSION SO FAR IS THAT
THERE IS NO ALTERNATIVE TO TAKING MATTERS FORWARD ON A BROAD FRONT.
OUR AIM MUST BE TO MAKE EQUAL AND SOLID PROGRESS ON ALL THREE MAIN
CHAPTERS OF THE NEGOTIATION. TO RELAUNCH THE COMMUNITY WE
NEED TO DEVELOP COMMUNITY POLICIES, TO MAKE CHANGES IN THE CAP
AND TO AVOID UNACCEPTABLE SITUATIONS.

AS REGARDS COMMUNITY POLICIES OTHER THAN THE CAP, A CONSIDERABLE
NUMBER OF COMMITMENTS AND ORIENTATIONS FOR THE FUTURE DEVELOP-
MENT OF THE COMMUNITY HAVE BEEN WORKED OUT BY THE FOREIGN

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MINISTERS. IN OTHER CASES, DEADLINES FOR DECISIONS ARE LAID DOWN. ONLY A VERY FEW QUESTIONS REMAIN FOR US TO SETTLE. WE HAVE THE PROSPECT HERE OF CARRYING FORWARD IN AN IMPORTANT WAY THE WORK OF THE COMMUNITY IN FINANCIAL, ECONOMIC, SOCIAL, REGIONAL, INDUSTRIAL AND OTHER POLICIES.

THE DISCUSSIONS ON THE CAP HAVE, NOT SURPRISINGLY, LEFT OPEN MORE ISSUES. THE CAP IS OF MAJOR IMPORTANCE TO THE COMMUNITY. THE GENERAL ECONOMIC CLIMATE HAS CREATED DIFFICULTIES FOR OUR AGRICULTURE AS FOR OTHER SECTORS OF THE ECONOMY. BUT THERE IS A WIDESPREAD FEELING THAT WE NEED TO GIVE A NEW SENSE OF DIRECTION TO THE COMMON AGRICULTURAL POLICY. IT IS UP TO US AS HEADS OF GOVERNMENT TO LAY DOWN THE GENERAL GUIDELINES. THESE CAN BE SUBSEQUENTLY IMPLEMENTED IN DETAIL BY THE COMPETENT COMMUNITY BODIES. WE SHALL THEREFORE NEED TO SPEND SOME TIME AT OUR MEETING IN LONDON ON THE OUTSTANDING ISSUES IDENTIFIED IN THE PAPER WHICH HAS BEEN CIRCULATED BY THE PRESIDENCY, AFTER CONSULTATION WITH THE COMMISSION.

ON THE BUDGET CHAPTER, THE DISCUSSIONS SO FAR HAVE NOT PROVIDED US WITH A COMMON BASIS FOR DISCUSSION. BUT I BELIEVE, LOOKING AT THE PREPARATORY WORK, THAT THE ENTIRELY LEGITIMATE CAUTION OF ALL DELEGATIONS WHEN DEALING WITH SUCH A FINANCIALLY SIGNIFICANT MATTER HAS MASKED THE EMERGENCE OF SOME POINTS OF CONSENSUS. THERE DOES SEEM, FOR INSTANCE, TO BE GENERAL AGREEMENT THAT THE LONG TERM SOLUTION TO AVOIDING THE RECURRENCE OF AN UNACCEPTABLE SITUATION MUST BE SOUGHT IN THE ADAPTATION OF COMMUNITY POLICIES THEMSELVES. THIS SHOULD BE PUT IN HAND FORTHWITH. IT IS ALSO, I THINK, AGREED THAT THE ADAPTATION WILL TAKE TIME AND THAT THE RATE OF ITS PROGRESS IS NOT ENTIRELY PREDICTABLE: AND THAT IN THE MEANTIME SOME SPECIAL CORRECTIVE ARRANGEMENT WILL BE NEEDED. FINALLY, IT IS COMMON GROUND THAT IT WOULD BE IN NO-ONE'S INTEREST TO HAVE TO COME BACK TO THIS ISSUE YEAR AFTER YEAR.

WHAT IS STILL DISPUTED IS THE AMOUNT, DURATION AND METHOD OF THE NECESSARY ADJUSTMENT, AS WELL AS ITS APPLICATION, AND WHETHER IT SHOULD BE GENERAL OR LIMITED TO THE UK. WHAT I THINK WE MUST TRY TO DO NEXT WEEK IS TO ENLARGE THE AREA OF AGREEMENT BETWEEN

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US AND REGISTER IT CLEARLY IN OPERATIONAL GUIDELINES WHICH WILL PERMIT THE REMAINING DETAILED WORK TO BE CARRIED OUT EXPEDITIOUSLY THEREAFTER.

I THOUGHT IT MIGHT BE USEFUL TO SET OUT MY PRELIMINARY THINKING IN ADVANCE. AS USUAL THE TIME AVAILABLE TO US WILL BE LIMITED AND I WOULD LIKE TO PUT IT TO THE BEST USE. TO SUCCEED IN TAKING DECISIONS NEXT WEEK WILL BE A GREAT BOOST FOR THE COMMUNITY AS A WHOLE.

SEPARATE ADDITION TO CHANCELLOR SCHMIDT

I HAVE BEEN REFLECTING ON WHAT YOU SAID DURING OUR TALK IN BONN. WE ARE WORKING ON SOME DRAFT GUIDELINES FOR THE BUDGET PROBLEM WHICH MY OFFICIALS WILL SHOW TO YOURS: AND ALSO TO THE FRENCH. I HOPE VERY MUCH WE WILL BE ABLE TO FIND A GOOD MEASURE OF AGREEMENT BETWEEN US.

SEPARATE ADDITION TO PM SPADOLINI

I DID VERY MUCH VALUE OUR TALKS ON THESE MATTERS WHEN YOU VISITED LONDON. I HOPE YOUR NEXT VISIT WILL SEE US BRINGING SOME OF THE ISSUES WE DISCUSSED TO FRUITION.

SEPARATE ADDITION TO PRESIDENT MITTERRAND

I THINK IT WOULD BE USEFUL TO FOLLOW UP THE SUGGESTION FROM M. BEREGOVOY OF A CONTACT BEFORE NEXT WEEK AND I HAVE ASKED SIR ROBERT ARMSTRONG AND MR FRANKLIN TO GO TO PARIS ON MONDAY. WE ARE WORKING ON SOME DRAFT GUIDELINES ON THE BUDGET ISSUE WHICH WE WOULD LIKE TO SHOW YOU AND ALSO THE GERMANS, FOLLOWING MY TALK WITH CHANCELLOR SCHMIDT EARLIER THIS WEEK.

SEPARATE ADDITION TO M. THORN

I LOOK FORWARD TO SEEING YOU AGAIN ON 24 NOVEMBER TO DISCUSS THE EUROPEAN COUNCIL. WE WILL HAVE TO WORK CLOSELY TOGETHER. I AM MOST GRATEFUL FOR ALL THAT YOU AND YOUR COLLEAGUES ARE DOING TO ACHIEVE SOME SOLID PROGRESS.

SEPARATE ADDITION TO DR FITZGERALD

I VALUED OUR DISCUSSIONS ON THIS WHEN WE MET RECENTLY. I HOPE WE WILL BE ABLE TO MAKE REAL PROGRESS WHEN WE MEET IN LONDON NEXT WEEK.

SEPARATE ADDITION TO MR PAPANDREOU

I VERY MUCH LOOK FORWARD TO MEETING YOU IN LONDON NEXT WEEK.

ENDS

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