



10 DOWNING STREET

From the Private Secretary

4 December 1981

Dear Brian,

30 MAY MANDATE

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 2 December on this subject. She has also seen the Minister of Agriculture's minute of the same date, and the Chancellor of the Exchequer's minute of 3 December.

In the light of these minutes, the Prime Minister has decided:-

- (a) that it would be right to hold a Gymnich-style meeting of Community Foreign Ministers during the British Presidency to carry forward the negotiations on the Mandate which were begun at the recent meeting of the European Council;
- (b) that the Chancellor of the Exchequer's minute under reference constitutes a satisfactory basis for a negotiating brief on the Budget problem;
- (c) that our approach on the Budget and on agricultural problems, specifically on milk, should be more fully worked out and agreed among the responsible Departments in the days ahead so as to provide the Foreign and Commonwealth Secretary with a comprehensive brief. On milk, the Prime Minister considers that the German approach described by the Minister of Agriculture, i.e. the exemption of a certain percentage of milk production from the levy up to a ceiling, might be one with which we could live;
- (d) that the Foreign and Commonwealth Secretary should be accompanied to the Foreign Ministers' Meeting by two officials, one of whom should be Sir Brian Hayes.

I am sending copies of this letter to John Kerr (HM Treasury), Kate Timms (MAFF), and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Brian Fall, Esq.,
Foreign and Commonwealth Office.