



PM/81/64

PRIME MINISTER

Meeting of Foreign Ministers on 14/15 December - The Mandate

I shall be missing Cabinet tomorrow, and I thought that you might in any case like a brief account of our meeting at Lancaster House on the 30 May Mandate.

We did not resolve the four problems but I believe we have moved the discussion forward in a helpful way. It was clear from our discussions that the two key questions are milk and the budget. If we can settle these there should not be too much of a problem in getting agreement on reasonably satisfactory texts on limiting CAP expenditure and on the Mediterranean.

On the budget we had the most thorough discussion so far. On the first day there was a fairly solid line-up against us and in favour of offering us only a three year degressive and ad hoc arrangement. But we continued the discussion over dinner, and we devoted nearly all the morning of the second day to it, including nearly an hour with no advisers present. I made it absolutely clear that a solution based on concepts like degressivity was not acceptable to us, and I think that by the end we had a better understanding by the others of our case. I circulated a new text agreed with Geoffrey Howe which incorporated our four key points (preventing the recurrence of unacceptable situations, general application of the corrective arrangement, basing the correction on objective criteria and in particular relative prosperity, and indefinite duration subject to review). This predictably ran into opposition although it got support from the Germans.

/On milk



On milk there remained clear differences of opinion, particularly on small producers. We succeeded in getting the Commission to support a joint Commission/ Presidency text which was within our agreed negotiating brief. The text gave no pleasure to the French and was not agreed. We shall now have to try to hold the Commission to it.

The conclusion was that the President of the Commission should make revised proposals for guidelines, taking account of the discussion, for us to consider at a further special meeting which looks like being on 14/15 January. We shall need to consider further how to play the January meeting when we have seen what Thorn produces. I am seeing him in Strasbourg tomorrow to make sure he understands our sticking points.

I am sending copies of this minute to the Chancellor of the Exchequer, the Minister for Agriculture, Fisheries and Food and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'C', is located to the right of the main text.

(CARRINGTON)

16 December 1981