



Prime Minister

A.J.C. 2/4

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

2 April 1982

A.J. Coles, Esq.,
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See John,

[Handwritten initials]

A.J.C. 2/4
h.c.

30 MAY MANDATE : FOREIGN MINISTERS' MEETING, 3 APRIL

The Chancellor has seen a copy of David Hancock's minute to you yesterday. He is content with the line taken in it, and considers that, subject to the qualifications included in them, paragraphs 4 and 5 rest within the spirit of the authority given (to Sir Robert Armstrong) at the discussion the Prime Minister held last week.

The Chancellor will be ready for any necessary consultation over the weekend. He accepts that some further marginal concessions would be justified in the interests of securing an immediate overall agreement. But not otherwise. If full agreement now is impossible - which seems likely - we should not acquiesce in partial steps designed to give the appearance of narrowing differences and making progress, where this would involve further concessions on our part.

An example of the danger of marginal concessions is the point about levies and duties in paragraph 5 of the note. If "somewhat lower" meant going down from 90 to 80, for example, and this secured a satisfactory overall deal, it would be worth doing; but any larger reduction could be very costly. The Chancellor would want to avoid our even suggesting going below 90 other than to clinch a satisfactory deal.

Copies of this letter go to David Hancock and to the other recipients of his minute.

Yours ever,

J. O. Kerr

J.O. KERR

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