



M. Jones to Clayton

12-30 pm

PM/82/30

PRIME MINISTER

30 May Mandate Negotiation

1. I have seen a copy of Mr Hancock's note dated 30 April on the next steps in the Mandate negotiation. I agree with its conclusions.

2. As we agreed at Cabinet the link between the Budget problem and CAP prices is the key to obtaining a satisfactory Budget settlement. We have now made it clear to our partners that we intend to maintain it. At the same time I believe we need to show them that we are not going just to sit tight but are prepared to negotiate constructively. With the Falklands import ban coming up for renewal in the middle of the month, it is particularly important that we achieve some progress at the meeting on 8/9 May and avoid a confrontation. To achieve this we need the Presidents of the Council and the Commission to play a more helpful role than they have been doing so far. An approach by Douglas Hurd on the lines proposed seems the best way to try and stimulate this. Douglas Hurd agrees.

3. I also agree that it would be useful for you to follow up your telephone conversation with Chancellor Schmidt by a message explaining our position on linkage.

4. I am glad we are to have an opportunity on 6 May to discuss the line I should take on 8/9 May with you and other colleagues concerned.

(FRANCIS PYM)

Foreign and Commonwealth Office

1 May 1982

cc: PS/Chancellor of
the Exchequer
Sir R Armstrong



PM/82/30

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