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Qz.02555

PRIME MINISTER

30 May Mandate: UK Budget Problem: Ad Hoc Meeting, 6 May

PURPOSE OF DISCUSSION

A 1. The purpose of this ad hoc meeting is to decide the approach that the Foreign Secretary should adopt on a solution to the UK budget problem at the meeting of Foreign Ministers on 8/9 May. The issues are presented in Mr Hancock's minute to Mr Coles of 5 May.

BACKGROUND

B 2. The last Ministerial discussion of the UK budget problem in the context of the 30 May Mandate was on 17 March when Ministers endorsed the conclusions of the paper attached to Sir R Armstrong's minute of 12 March. Subsequently the Thorn/Tindemans proposal in their "non-paper" emerged.
C Mr Hancock's minute of 1 April to Mr Coles proposed the line which should be taken in response. This was agreed subject to the comments on duration recorded in Mr Coles' minute of
D 2 April. The present negotiating instructions as approved by Ministers are set out in Annex B to the minute from Mr Hancock
A to Mr Coles of 5 May.

E 3. Mr Coles' letter to Mr Lowson of 30 March set out the approach to be adopted on the link of the budget problem with CAP prices. The link was endorsed by Cabinet on 28 April (CC(82) 20th Meeting Conclusions, Minute 2) and was formally established at the Agriculture Council on 28-30 April.

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A 4. The Foreign and Commonwealth Secretary might be invited to describe the prospects for the 8/9 May meeting as he sees them and his general reaction to the questions posed in Mr Hancock's minute of 5 May. Sir M Butler could then report on any developments in Brussels and give his assessment of the prospects for the meeting on 8/9 May. The Chancellor of the Exchequer and the Minister of Agriculture could then be invited to make any general comments.

A 5. The meeting should then consider the points for decision listed in paragraph 23 of Mr Hancock's minute.

CONCLUSIONS

6. In summing up you will wish to cover:-

- (a) The political objectives
- (b) The general approach to the 8/9 May meeting
- (c) The decisions of the meeting on the questions listed in paragraph 23 of Mr Hancock's minute of 5 May.

A

D.H.

D J S HANCOCK

6 May 1982