Margaret Thatcher's Memoir of the Fontaineableau European Council (June 1984)

Written shortly after the event

This transcript follows the original handwritten text of the memoir.

Studying the text together on 14 September 1992, I asked MT when and why she had written it? She replied that it was done shortly after the event with the aim of refuting misinterpretations, commenting that her Foreign Secretary, Sir Geoffrey Howe, had been making notes all the way through the meeting. The implication is that she was guarding against the Foreign Office version prevailing.

MT mis-spelled 'Fontainebleau' throughout the text, writing it as it sounds, i.e., 'Fontinbleau' or possibly 'Fontenbleau' (the word is a little hard to make out). Her error has been silently corrected in the text that follows. She also got the name of the her hotel wrong: the British team stayed at L'Hôtellerie du Bas-Bréau at Barbizon, not the 'Hotel Barbizon'.

Christopher Collins

Margaret Thatcher Foundation 27 May 2015

Depre we arrived we knew that then was going to be a difficult meeting. We had done as much as we could to propose a paritie soules. but we had not for very fai. shorry before the beginning of the Elmo-election compages I had seen Charellon look at themen and from to Pans to re President Illerand - all with the one menuge. If the three of us could look out the bridger; the near of the Countries would freew and it would be evernously helpful to do the before the electron. But 1 thinks Prevalue Itherard divenie want a solution Culi' so soon. It would have been difficult for him is electoral women. I'ver of the the checken and before Fartisbeau Wie effortes much for the Presidential offer - and the Commission obspread J'originar for the weekl work he had been doing. We had adessi hujng medings

omalus, consideres very scheme with variations.

Fontainebleau

Before we arrived we knew that this was going to be a difficult meeting. We had done as much as we could to prepare a possible solution but we had not got very far. Shortly before the beginning of the Euro-election campaign I had seen Chancellor Kohl at Chequers and flown to Paris to see President Mitterrand - all with the same message. If the three of us could sort out the budget, the rest of the countries would follow and it would be enormously helpful to do this before the election. But I think President Mitterrand didn't want a solution quite so soon. It would have been difficult for him in electoral terms. Even after the election and before Fontainebleau little effort was made from the President's office - and the Commission stopped D'Avignon from the useful work he had been doing.

We had extensive briefing meetings ourselves, considering every scheme with variations.

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We concluded that President Mitterrand had two possible courses of action and had not decided which to pursue

1/ - a solution & therefore a triumph for France in the chair.

2 / - a failure - all due to Britain!

We were not optimistic about getting a good result, indeed I had said as much in a radio comment. And at the last moment 3 or 4 novel schemes had been proposed, quite different from those we had pursued at Brussels. I thought this was a stalling device indicating lack of will to resolve the matter.

We arrived - having decided our tactics on the Andover - at our hotel. The Barbizon – a charming and I fear very expensive hotel. As always the atmosphere at the beginning, superficially cordial. [sic] We went to the castle to be received by the President with full guard-of-honour - all the way up the steps to the entrance. Drinks by the lake and

they was in the between, heavily disquired by the vierpelei; booths.

With no warning at all President Il turned asked me to open by summing up the results of the Donomic Limite is Lordon. Other Jave then views - and so I home parked by. What was his game plan? Il soon energed. The rest den on Wagude was the budget. Dani 1stanted off, chrischip all shever other than the one we had spent so much line on in Brushes. Thehwas trong hope at all if we wanted to so mute melle 4 Josephen. Or there were no dissentent. voies. I sufferted we remit the delails to Foreign hustains at their Union that every to regot back to us at our devier. And so it was anaged. Prister shites had gave us an accounty his recent visit to slower, where he had very fring

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lunch in a very elaborate room. The meeting itself was in the ballroom, heavily disguised by the interpreters' booths.

With no warning at all President
Mitterrand asked me to open by summing up
the results of the Economic Summit in London.
Others gave their views - and so 2 hours passed by.
What was his game plan? It soon emerged. The next
item on the agenda was the budget. Again I started
off, eliminating all schemes other than the one
we had spent so much time on in Brussels. That was
the only hope at all if we wanted to solve the
matter at Fontainebleau. As there were no dissentient
voices, I suggested we remit the details to
Foreign Secretaries at their dinner that evening to report
back to us at our dinner. And so it was
arranged. President Mitterrand gave us an account of
his recent visit to Moscow, where he had very firmly

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merhand the names of the Delphanovis & others and had had a very food wherein press for doings so. When the state of poverment durin at our hotel stated off in a nather authorised way. It would have her better if we had by the Doswow wish to late about but there was not much more to say. Coversation have to weak rather future are about -

Over coffee in the lourge, we rothed that foreign shirtent were lating them own when outside our concluded that they had finished then allotted l'ash. However an emissay returned with the heurs that. Cheysion had been fung her verdion of the Dhouse with and the budget dismission had not ever begun! The Presidents displane was made plain and they returned to their separate deliber alwars. We in the meantine lather about the Julie NEmpe - some Net with in on (U.K) mens random and others known by the comisons Tithe of "aliver L'une!" The question of the number of

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mentioned the names of the Sakharovs & others and had had a very good western press for doing so.

Heads of government dinner at our hotel started off in a rather artificial way. It would have been better if we had left the Moscow visit to talk about but there was not much more to say. [MT changed pen] Conversation turned to weak rather futile anecdotes – but the dinner itself was delicious.

Over coffee in the lounge, we noticed that
Foreign Ministers were taking their own coffee
outside & we concluded that they had finished
their allotted task. However an emissary returned
with the news that Cheysson had been giving his version
of the Moscow visit and the budget discussion
had not even begun! The President's displeasure
was made plain and they returned to their separate
deliberations. We in the meantime talked about the
future of Europe - some of the things in our (U.K.)
memorandum and others known by the curious title
of "Citizens Europe!" The question of the number of

Commissioner follosio elaquel- ejaged us fo-a little time. Mas I was the only one who was prepared to sultre for one Commissionin per Country - thus reducing the number to 12. Thorn was asked whether there were already too many Commissioners and June an emphatic yes. By about 11.30pm. Chy 1100 energed of air Say in that Poreign Misseus had clarified the Parts of define! - duration, donois something belier 50-60% of the von expenditure gap and his ream ch 1000 réunefund. I was is despans, and said we had never been heated taily and it, that was the benthey had to open Jordin Hear would be a distanter, - 11var no food at all harling bade to a limpray reised Copy rophich and I gethered together to discuss the stat dusa. Pichael Butter or Vanid Williams a shought something could be retrieved. They Det to unde on other otherals oxymphetand early Dy we time the severis began, they had done a

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Commissioners following enlargement engaged us for a little time. Alas I was the <u>only</u> one who was prepared to settle for one Commissioner per country - thus reducing the number to 12. Thorn was asked whether there were <u>already</u> too many Commissioners and gave an emphatic <u>yes</u>.

By about 11.30pm Cheysson emerged again saying that Foreign Ministers had clarified the points of difference! - duration, at most something between 50-60% of the VAT expenditure gap and two years at 1000 mecu refund. I was in despair and said we had never been treated fairly and if that was the best they had to offer Fontainebleau would be a disaster. It was no good at all harking back to a temporary period.

Geoffrey & officials and I gathered together to discuss the situation. Michael Butler & David Williamson thought something could be retrieved. They set to work on other officials overnight and early morning.

By the time the session began, they had done a



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food job. Nonesser Ilturand and llabel had had Michelast soften and decided to his for a selhement. As so other happens in their difficult rejotation, a chance mother helped a freatded The opinibure sustained for the F.R.a. had hured out to he more difficult politically for Koll than he Lad emisyed. Therefore he was seeling the refused purission of colleges to five a subside to his tainers to mentain their vilone for a privad of reas. A preison amount of 32 was in outhwest, he wanted to rain it to The This meant intirely respiring Vi (.A.P. afreenest to the dismay of sured collegues Who hadre the resources to be so ferenous with them I was clear that I was clear that Kohl reeded that agreement more than any thing the and that te vas vi a rosolto be juncions is other mallers if te for whether wanted.

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good job. Moreover Mitterrand and Kohl had had breakfast together and decided to try for a settlement. As so often happens in these difficult negotiations, a chance matter helped a great deal. The agricultural settlement for the F.R.G. had turned out to be more difficult politically for Kohl than he had envisaged. Therefore he was seeking the required permission of colleagues to give a subsidy to his farmers to maintain their income for a period of years. A previous amount of 3% was insufficient, he wanted to raise it to 5%. This meant virtually reopening the C.A.P. agreement to the dismay of several colleagues who hadn't the resources to be so generous with their own farmers - but it was clear that Kohl needed that agreement more than anything else and that he was in a mood to be generous in other matters if he got what he wanted.



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At the beginning of the session discussion respected and Mitterard sufferred that we by for agreement but if we hadil- Ducceeded by hundline be fo on to other things. Various as in which four to get it in July session, we had totale break and reputer vité one another bilabouth. What had we to jain - what to love? If no agreement was reached we were joing to be (D) it vas alterands last meeting in the chain. n' some destrailly became Mti Wiel. He Presiding world Ireland and Holle and would be bluly to be much more déficult es ar ording vollegue that le widdle if he ould have the praire for reaching a settment of their vened question (2) we had no greenest at all for the cruent year no rang beyond. On hishlitisfor Vien eur de 12 v.A.I. Was Herefor i muns of 2000 milho-eur-2 12-1300m. - which we

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At the beginning of the session discussion reopened and Mitterrand suggested that we try for agreement but if we hadn't succeeded by lunchtime we go on to other things. Moreover, as we weren't going to get it in full session, we had better break and negotiate with one another bilaterally.

What had we to gain -what to lose? If <u>no</u> agreement was reached <u>we</u> were going to be in some difficulty because

- (1) it was Mitterrand's last meeting in the chair.

 After that the Presidency went to Ireland and Mitterrand would be likely to be <u>much more</u> difficult as an ordinary colleague than he would be if he could have the <u>praise</u> for reaching a settlement of this vexed question.
- (2) we had no agreement at all for the current year nor any beyond. Our liability for them even at 1% VAT was therefore in excess of 2000 million ecu £12-1300m -which we

Could ill afford.

(3) om 1883 reland of 750 mean - [450 m] was
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could ill afford.

(3) our 1983 refund of 750 mecu - (£450m) was being held up -wrongly in our view but we were advised we could not recover it by going to the European Court.

Nevertheless we could <u>not</u> agree to an unfair settlement because it <u>would be unfair</u>, nor would we bargain a permanent increase in own resources for only a temporary gain. Moreover, <u>unless</u> an agreement were reached the whole community would be in financial difficulties in a matter of months with totally <u>unknown consequences</u>.

I saw Mitterrand separately and Kohl separately. We had wanted a refund of 70% of the VAT/expenditure gap. The most they were prepared to offer was 60%, but we had got everything else virtually agreed, -in particular the link with increase in own resources and an ad hoc settlement for one year only. Eventually after much

long + fro-ing, I bly lost in would ampt 3 relands -12. 6676., and or accordingly 610 1/ unas. Kort other 65% - and everlidly in Jull 8130in ur jot il, up to 662. But desprenden wer not whom - they reven are until an apermentis i willing. Then an alleingtres made to enclude the 6:15 of enlayenest from this refund an argement. I had to fight - that out and Jack we got the comminger or apred. I brever beech of jovernment agreed to release to 1973 reland of £450m. KoHis 5th for his James was aprel of ling leythy discussor. I contess I had a good ded of Brouting for his point. It was not cruip is to find the money - only dowellerty for his lawrayers to pay it. I know how initiating it is to submit such a requestro others to be bound by their decision. Turter was

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toing & fro-ing, I told Kohl we would accept 2/3 refunds -i.e. 66 2/3 %, and we accordingly told Dumas. Kohl offered 65% -and eventually in full session we got it up to 66%. But difficulties were not yet over -they never are until an agreement is in writing. Then an attempt was made to exclude the costs of enlargement from this refund arrangement. I had to fight that out and finally we got the communique as agreed. Moreover heads of government agreed to release the 1983 refund of £450m. Kohl's 5% for his farmers was agreed after lengthy discussion. I confess I had a good deal of sympathy for his point. He was not asking <u>us</u> to find the money - only for authority for his taxpayers to do it. I know how irritating it is to submit such a request to others and to be bound by their decision. But there was Dtill on other there is had to water - Canto dispersall medally said he assumed that it was a spend that what resources would be found for 1984 became the bond chouses cheerly over spects. It was a deempt - to home us. Us for he down on the fronds that it was working to the Treaty - but one gain in were abore in our opposition although our receives were sound.

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still one other thing he had to watch - Garett [Garret] Fitzgerald suddenly said he assumed that it was agreed that extra resources would be found for 1984 because the budget was already overspent. It was an attempt to bounce us. We fought it down on the grounds that it was contrary to the Treaty, but once again we were alone in our opposition although our reasons were sound.

After a very late lunch - by this time very good humoured because we were pleased the deadlock had been broken, we agreed to a series of committees to discuss other matters - a whole raft of them. Then the press conferences at the famous Fontainebleau business school - the customary carping questions (!) and then home.

The essential points were that we had gained a settlement linked to "own [MT changed pens] resources", that the net amount we pay to the community under the increased own resources was less than we are liable to pay under present arrangements, and that the refunds do

Parliamentary approval (17. Eins menty comount) but we autindizely deduced for on following reason, payments.

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not have to go through the system of Parliamentary approval (i.e. Euro Assembly approval) but are <u>automatically</u> deducted from our following year's payments.

With regard to the larger matter of <u>control</u> of expenditure, the battle continues. I suspect again it will be 9: 1 with only us wanting the controls embodied in budgetary procedures.

But at least now we can reassess our European strategy. So much will depend upon its cohesion in the coming years.