

Euro PM

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PRIME MINISTER

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This item has been added to the Wednesday Cabinet agenda to enable the Foreign and Commonwealth Secretary to report to Cabinet urgently, in accordance with an undertaking he gave to his Community colleagues in Luxembourg, on the outcome of the discussion of the mandate at the 26-27 April Foreign Affairs Council. You may prefer to take any other Community items in the normal way at Thursday's Cabinet.

2. We do not yet have full reports of the mandate discussion, but it appears that a substantial gap still remains between what we want and what the others are prepared to give us, and that the Council agreed to resume discussion at the informal meeting of Foreign Ministers on 8-9 May. Meanwhile the President of the Council and the President of the Commission will take up the budget problem direct with the United Kingdom, and the Agriculture Council is still intended to go ahead as scheduled on 28-29 April.

3. In these circumstances the United Kingdom came under strong pressure in the margins of the Council to abandon the link between the budget and the emerging CAP prices package. After Mr Pym had firmly reiterated the clear basis for the link several times he agreed to report the strong feelings of his Community colleagues to the Cabinet, making it clear that this should not be taken as implying any likelihood of a change in the Government's position. The urgency thus arises from the need to report back to the President of the Council on the Government's reaction before the Agriculture Council convenes on the afternoon of 28 April.

4. You might therefore invite the Foreign and Commonwealth Secretary to report on the mandate discussions on 27 April.

ROBERT ARMSTRONG

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27 April 1982