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Qz.03674

A.S.C. 10/4
L.A.

NOTE FOR THE RECORD

REFORM OF THE COMMUNITY'S FINANCES

As he had agreed, Mr Davignon spoke to me this morning about the next steps. I explained that, at the meeting between the Foreign and Commonwealth Secretary and Monsieur Dumas, although Monsieur Dumas had taken no commitments on substance, he had undertaken to consider carefully the proposals which Mr Davignon would be putting forward. In these circumstances, I advised Mr Davignon that it was worthwhile, in the United Kingdom's view, for him to again make contact with the French. He said that he would do so this week. I warned Mr Davignon that if the French came forward with any variations on the system which involved a time limit, this would not be acceptable to us.

2. I told Mr Davignon that I expected that there would be further discussion in London today about a possible meeting between the Prime Minister and President Mitterrand. Such a meeting would not be of a negotiating kind but would have the objective of seeking a common determination to settle the outstanding issue during the French Presidency. Mr Davignon said that his personal view was that a meeting this week would be too soon but that thereafter it ought to be a positive element in association with his own efforts.

D F WILLIAMSON

11 April 1984

Sir Michael Butler, UKREP

cc: Mr Coles, No 10
Mr Bone, FCO
Sir Robert Armstrong

Sir C Tickell)
Mr Renwick) FCO
Mr Unwin, H M Treasury

11 1 Aug 1984



cc NO



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JB Unwin
Deputy Secretary

11 April 1984

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A. S. C. $\frac{12}{4}$
h.a.

John David

REFORM OF THE COMMUNITY'S FINANCES

Thank you for copying to me your minute of earlier today (subsequent to our telephone conversation) about your conversation with Davignon. I have also now seen the draft records of Sir Geoffrey Howe's meetings in Luxembourg yesterday with Davignon and Dumas.

2. As I indicated to you, I have no objection to Davignon making further contact with the French to see whether he can make progress on the kind of ideas that he put to us last week. But I hope that he is under no illusion that our position has shifted on the numbers, particularly given the hostile and unhelpful view that the French now seem to be taking. Nor should he give the French the impression that, following Monday's abortive meeting, we are in any sense chasing them for a quick settlement. I know that the view of the Chancellor (currently en route to Washington) remains that the UK should "sit it out" rather than accept the terms that at present seem to be on offer.

3. These caveats also apply to the suggestion of a further possible meeting between the Prime Minister and President Mitterrand. Although I can see that there may be some advantage in renewing contact and reasserting a common wish to reach a satisfactory settlement during the French Presidency, it would again undermine our negotiating position if the French thought we were chasing too hard. And certainly, as I think you acknowledged, any renewal of negotiation at this level would be counter-productive unless the ground had been very carefully prepared before hand and the French were prepared to withdraw from the hard and obstructive line that Dumas is now taking.

4. If you think that Davignon is under any illusions as to our present position, it would be as well to have another word with him. So far as a meeting with Mitterrand is concerned, some further discussion with you and the FCO would be helpful if this is to go forward.

John Unwin
John Unwin

cc Sir C Tickell)
Mr Renwick) FCO

Sir M Butler - UKREP
Mr Coles - No 10

J B UNWIN

COPY FOR

memo for budget Pt 24

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Qz.03679

13 April 1984

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A. J. C. 16/4

h.c.

Dear Brian,

REFORM OF THE COMMUNITY'S FINANCES

Thank you for your letter of 11 April about the next steps in the negotiation on the reform of the Community's finances, which is currently stalled. I am quite sure that Mr Davignon knows the United Kingdom's position on the figures. Sir Michael Butler made our requirements absolutely clear to him, on instructions following the recent Ministerial meetings here. It would not be in Mr Davignon's personal interest to come back to us with a settlement which we would have to reject.

The question of a meeting between the Prime Minister and President Mitterrand has been the subject of some discussion between the Foreign and Commonwealth Secretary and the Prime Minister. I understand that the Prime Minister's present position is that she is not seeking an early meeting. I think that we all need to be careful not to imply publicly in any way that there has been a decision not to have a meeting but rather that we should imply that this question is still open. Otherwise the impression that the United Kingdom is not currently seeking an agreement will be strengthened in the Community.

I am sending copies to the recipients of your letter of 11 April.

Yours sincerely,

D F WILLIAMSON

cc: Sir C Tickell) FCO
Mr Renwick)
Sir M Butler, UKREP
Mr Coles, No 10

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