



Foreign and Commonwealth Office

London SW1A 2AH

4 June 1984

A.S.C. 4/6

h.a.

Dear David,

Community Budget Negotiations

Sir Geoffrey Howe has asked me to write about the points made by the Chancellor of the Exchequer in his minute of 23 May and by Mr Jopling in his letter of 24 May.

Sir Geoffrey agrees that colleagues should take the line proposed by the Chancellor on budgetary discipline, 1983 refunds and the Commission's loan proposal, if these questions should arise.

On the point made by Mr Jopling, the statement that failure to agree will condemn the Community to run out of money in the autumn is one of fact. There is no question of making a concession in the absence of agreement on other matters, as the Prime Minister made clear in the House of Commons on 26 April.

I am copying this letter to John Coles (No 10), Private Secretaries of Cabinet Ministers and Richard Hatfield (Cabinet Office).

Yours ever,

(L V Appleyard)
Private Secretary

D Peretz Esq
Treasury