Prime Minister ENTIAL Agree to Ministerial
meeting on 21 June on
uk Budget problem?
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Morrial bireting meeting CONFIDENTIAL Qz.03773 MR COLES PREPARATION FOR EUROPEAN COUNCIL OF 25-26 JUNE We consider that it will be necessary for the Prime Minister to have a paper on the state of the negotiation and the possible options on the correction of the budget inequity and United Kingdom refunds. A paper, prepared by the European Secretariat of the Cabinet Office, after discussion with Departments, is in draft and will be submitted shortly. We recommend that the Prime Minister might discuss this with Ministerial colleagues most closely concerned - the Lord President of the Council, the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer - and I understand that time has provisionally been earmarked at 4pm on the afternoon of 21 June. It would also be helpful if Sir Michael Butler were present. This timing will enable the Foreign and Commonwealth Secretary to add any points which may have arisen either at or in the margins of the Foreign Affairs Council on 18-19 June.

We recommend that there should also be a normal briefing meeting, at which senior officials will also be present. This will cover the whole agenda of the European Council, including political cooperation. I understand that this might be arranged at 5pm on 21 June. We shall let you have a list of those who might be invited as soon as the French Presidency has clarified the agenda.

I am sending a copy to Sir Robert Armstrong.

D F WILLIAMSON