

CONFIDENTIAL

PRIME MINISTER

Preparation for the European Council

Meeting of Ministers 4-5 p.m. Purpose to agree the line for Fontainebleau on the UK Budget problem. Basis for discussion is Cabinet Office paper within. Cabinet Office briefing sets out main issues. Should have Mitterrand's letter about the handling of the Council by tomorrow.

Two action points:

- (i) There must be a system whether one with a threshold as discussed hitherto or one based on a straight percentage of the VAT share/expenditure share gap. If the latter, we shall need to be armed for precise modifications to the existing text on the system.
- (ii) Need to have precise line on how to handle the German problem. Ideal is a system with a high limit for Germany. If not attainable, and there has to be a refund for Germany, we must work out way to minimise our contribution to it.

Two more general points you may wish to raise at the meeting:

- (i) How to present publicly a settlement reached on/about a notional figure of 1125 or a 70 per cent+ straight refund;
- (ii) Tactics to pursue on other agenda items if there is no agreement on our problem.

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/Normal

Normal briefing meeting follows immediately after, from 5-6 p.m. Voluminous briefs attached. Since budget questions will be dealt with in Ministerial meeting, subsequent briefing should focus on other briefs notably:

3. Future of Europe.

Peter looks to off. Council

9. ✓ VAT Compensation for German Farmers.

Italy - work.

12. Political Cooperation.

*{ Arch/15 read }
50 pages
Gpms.*

*all of products
120 million
Cash which*

✓ 13. The Commission.

✓ 15. Social Affairs (including working time).

*Renault by
16 million*

✓ 17. Lomé.

*12 million
opposed.*

10 for a year.

*France
FRG } 2
Italy } 2*

C D P

CHARLES POWELL

*David
Pinderkopf*

20 June, 1984

EHG(F)(84) 1 Revise 1
22 JUNE 1984

EUROPEAN COUNCIL, FONTAINEBLEAU

Institution

25/26 JUNE

INDEX OF BRIEFS

Werner = no question

of amending the Treaty.

- 1. Index
- 2. General Brief

Main Briefs

- 3. Future of Europe; Franco/German/UK Ideas including Institutional Changes
- 4. Enlargement
- 5. Budget Imbalances, including 1982 and 1983 Refunds
- 6. 1984 Budget Overrun/1984 Refunds/1985 Preliminary Draft Budget/ New Own Resources
- 7. Budget Discipline
- 8. CAP
- 9. VAT compensation for German Farmers
- 10. New Policies
- 11. Review of Structural Funds/Integrated Mediterranean Programmes
- 12. Political Co-operation
- 13. The Commission
- 14. Economic and Social Situation
- 15. Social Affairs (including Working Time)

No of political situations become intolerable

"If a member state have problem - right that others should respond."

Contingency Briefing

- 16. Environment
- 17. Lome Convention
- 18. Frontier Controls (Persons) -
- 19. Global Negotiations
- 20. Cyprus: Prime Minister's Bilateral with Mr Papandreou
- 21. Culture
- 22. Right of Establishment (Mutual Recognition of Professional Qualifications)

Note

Full set preserved in FCO series
This set is destroyed

Roman 26 Feb 83