

Trade

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PRIME MINISTER

Commissioner Davignon's Chef du Cabinet rang me this evening to carry out Davignon's commitment to give you an account of the meeting which the Commission had had today with George Shultz. I am afraid it was not very illuminating.

Agriculture

The Commission had taken the line that it would be easier to solve the agricultural problems between Europe and the United States if the Commission used its "margin of manoeuvre" within the existing framework, thereby avoiding a debate on fundamental principles. The US had appeared to accept this approach. (I took this to mean that the Commission are prepared to make adjustments within the Common Agricultural Policy to satisfy the Americans but are not prepared to call into question the fundamental features of the CAP.)

East/West relations

The Commission had again taken the line that they thought much could be done on export credits, energy and high technology if these matters were dealt with pragmatically rather than in accordance with pre-determined objectives. The US said that they could accept this approach.

Economic and monetary situation

The US had accepted the fundamental importance of economic stability and had recognised that they had crucial responsibilities, especially in the monetary field. Reagan had again raised his idea of the major industrialised countries making a fresh concerted attempt to resolve current economic and financial problems. ?

Shultz had apparently said that he had found the meeting very useful - though from the above account it is not easy to see why.

*We shall probably get a better account from Nicholas over the weekend.*

*A.J.C. 10/12*