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From the Private Secretary

22 March 1985

EUROPEAN COUNCIL

The Prime Minister had some discussion with the Foreign Secretary this evening on the prospects for next week's European Council.

The Prime Minister thought it would be useful if the United Kingdom initiative on deregulation and jobs could be discussed with selected member states in Brussels. But we should avoid any collective discussion of texts before the European Council itself.

The Prime Minister also agreed that instructions should be sent to Sir J. Bullard in Bonn, to try to reach an understanding with the Germans on the handling of Integrated Mediterranean Programmes at the European Council. This would be to the effect that we would consult closely together before and at the Council and neither would move without consulting the other. We should also try to reach an understanding on a maximum figure, bearing in mind two aspects:

- our eventual aim should be if possible to obtain a common position of the Nine with the Greeks isolated. This could mean agreeing a slightly higher figure than warranted in order to achieve solidarity. But the Prime Minister made clear that she would herself wish to judge what was a tolerable figure in the light of the discussion;
- we should support the Germans on interest rate subsidies in return for their support on a figure.

Finally, it was agreed that in the light of the decision to hold a Foreign Affairs Council in Brussels on 28 March, there would need to be a briefing meeting in UKREP Brussels at 1100 hours on 29 March. The Prime Minister's departure from Heathrow will in consequence be brought forward to 0845.

I am copying this letter to David Williamson (Cabinet Office).

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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