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MR COLES

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PRIME MINISTER'S MEETING WITH MONSIEUR THORN, 16 MARCH

The Foreign and Commonwealth Secretary suggested that the Prime Minister might wish to refer to her approach to the negotiation as a whole, before dealing in more detail with the paper on fair sharing of the budget burden which Monsieur Thorn is likely to give to her. I attach a short points to make. A specific brief on the Commission paper is being submitted to you separately.

I am sending a copy to Roger Bone (FCO) and Sir Robert Armstrong.

*D F Williamson*  
D F WILLIAMSON

16 March 1984

PRIME MINISTER'S MEETING WITH MONSIEUR THORN, 16 MARCH

POINTS TO MAKE

State of the negotiation

1. Disappointing that we have not made more progress on the reformed financing system. Nonetheless, remain convinced that a settlement at this European Council would be good for the Community.
2. I have sought - and agreed with President Mitterrand - that we ought to avoid presenting problems as Anglo/French disagreements. I had hoped that we would already have the Presidency paper, which should be based on a Community solution. Regret the delay. These are important issues which need to be looked at carefully. We shall do that and be ready to negotiate firmly but constructively on Monday/Tuesday.
3. Understand that you too have a paper on the reformed financing system. Believe that there is a good deal of common ground between us on the system. If this is so, would welcome having your paper under discussion in Brussels as well as original United Kingdom, German and Presidency papers.
4. I intend to take a very firm line on the need for a lasting reform of Community financing and on the figure for the United Kingdom's contribution. The United Kingdom  
/has been playing

has been playing a positive role in the negotiation and in associated matters: we have agreed to ESPRIT; we have gone a long way on agriculture, despite our own real difficulties with proposed solutions on milk; we have been negotiating across the whole range of the Stuttgart package. I am not inflexible on everything. I am determined, however, that the settlement has to be acceptable for the United Kingdom on the major issues of budget discipline and fair sharing of the budget burden. I still object to the presentation of our post-Stuttgart agenda in terms of "the British problem" or "compensation to Britain". We must see this in terms of the contributions of all member states to Community financing and the limits to be put on those contributions.