



Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

EUROPEAN COMMUNITY BUDGET - TACTICS BEFORE THE EUROPEAN SUMMIT

I refer to Peter Walker's minute of 10th April about the agricultural aspects of the lead-up to the Summit. I am sure that he is right to argue that we must not change our position in the negotiations on either agricultural prices or sheepmeat before we have achieved irreversible progress on the Budget. To do so would greatly weaken your bargaining position at the Summit since our concessions on agriculture would be regarded as settled, whereas the others would be committed to nothing more than some offer to meet our problem which could turn out to be entirely inadequate.

2. The immediate need that I see is a new effort to get the other Member States to move towards us on amount, duration and dynamism. On amount, there are some signs of movement upwards in the figure that they are prepared to "offer" to us; but there is no disposition to discuss our problem in terms of the net contribution to the Budget that it is reasonable for a Member State in our position to make.

3. On duration, the consensus seems to be a maximum of three years. To refute that, we have a powerful political argument - namely that it would increase the chances of making British membership of the Community a key issue in our next Election. We should therefore I suggest deploy this argument in support of our case for six years or, as a minimum, five years.

/4. On dynamism,





4. On dynamism, there is no sign of movement at all and this is the most worrying aspect of the present state of the negotiations. I hope that we shall be able to consider together how we could get our partners to accept at least the principle of some formula that would ensure that our net contribution does not increase once again to unacceptable levels in future years. We might be able to use the argument about duration mentioned above as a lever as follows: we must for political reasons have a minimum duration to get us past the next Election and we cannot be expected to settle for a flat-rate solution for such a period because this would run too high a risk of a re-emergence of the problem that caused the present crisis in Community affairs.

5. I shall have the opportunity to lobby other Finance Ministers at the various meetings I shall be attending before the Summit in Sicily, Luxembourg and Hamburg. I suggest that a special effort should be made to get the two British Commissioners to recognise our case on dynamism. Roy Jenkins is reported as being extremely unhelpful - see Hague telegram No. 143 of 2nd April. A third possibility would be for us to pass a message to Cossiga before he makes his pre-Summit tour of capitals.

6. Perhaps we could have a word about the handling of all this at the meeting arranged for tomorrow.

7. I am sending copies of this minute to the members of OD(E) and Sir Robert Armstrong.

*J.H.*

(G.H.)  
14 April, 1980