

CONFIDENTIAL

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Ref. A0465

MR. ALEXANDER

Prime Minister: You already have the brief for Mr Jenkins' call. You will wish to see the additional brief from the FCO + the amendment from the NAFF to para 12 of the original brief. *Print*

Prime Minister's Meeting with Mr. Roy Jenkins

You will have seen UKREP telegram 5494.

2. The FCO brief covers most of the points on the budget issue but:-
  - (a) The Prime Minister should tell Mr. Jenkins that "broad balance" means something very close to it. It is too soon to show flexibility. Mr. Jenkins must understand we need more than a correction for our excess contribution i. e. something which bites on our receipts.
  - (b) On "contingency plans" the Prime Minister will of course have seen the Foreign and Commonwealth Secretary's paper for OD. But again I do not think it would be wise to show our hand to Mr. Jenkins. For the moment, we are working for an agreed solution. However there is no doubt that the Community will face a crisis if no agreement is reached in Dublin.
3. On the 1 per cent ceiling and the problem of accommodating our refund within it, FCO have sent you additional briefing. On the pressure from the European Parliament to have more control over the budget, we share Mr. Jenkins' anxieties. The European Parliament should stay within its powers and not stir up a conflict with the Council.

*Jeh*

JOHN HUNT

19th October, 1979

