

→ Ewofa: Pt 7 : budget
 Italy: Tan 80: Visit of
 Cossiga

Ref A02023

PRIME MINISTER

Community Budget

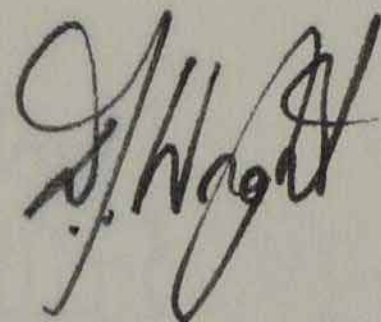
At your meeting at 10 am tomorrow you will want to focus the discussion first on your meeting with Signor Cossiga; and second on the European Council itself.

2. What is now our assessment of the prospects for settling the budget issue this time? Does the lack of progress in the Agriculture Council rule out any prospect of a budget settlement or is the French position tactical? Signor Cossiga will have seen President Giscard when he arrives in London and you have talked to him on the telephone. The Italians have been considering whether to call the Agriculture Ministers together again on Saturday, or to try to produce another Presidency document on agriculture for the European Council. We have told them that the former would achieve nothing but that we would welcome the latter; and that you are quite ready to talk about agriculture prices in Luxembourg if necessary. Clearly the European Council cannot reach a detailed settlement on agricultural prices; but it could perhaps reach agreement in principle as a basis for instructions to the Agriculture Council. This possibility is something Sir Donald Maitland could discuss if he paid another visit to Paris.

3. On the meeting with Signor Cossiga, you will want to judge how much to reveal of your position in the light of what he can tell you about Giscard's. No doubt you will want to confirm what Sir D Maitland told Signor Berlinguer last week. The Italians may say that the biggest difficulty will be over duration. You will want to rehearse our difficulties, but you could ask whether any flexibility on this point would substantially increase the sum available. On CAP prices, now that we know the highest bid is 5 per cent, you could let him know that, in the context of a budget settlement, we could move, provided that the increase on surplus products is kept very low and the financial consequences are minimal? On sheepmeat, I have sent you a separate minute.

4. On the handling of the budget issue on the European Council itself, you will want to ensure that Signor Cossiga brings it on early on Sunday afternoon. The best way from our point of view might be for him to start the proceedings by reporting on his conversations and setting out the situation as we see it. This would maximise the chances of getting down to business straight away and preventing President Giscard insisting on talking about Community principles (or CAP prices) first. Whether we should want Cossiga to come forward with specific proposals you can only judge when you hear what he has in mind. In any case it is not an occasion for long restatements of position. They are known, and we want to depart from the assumption that, at any rate in some degree, everyone accepts the need to find a solution. But in case it proves useful for you to make a scene-setting statement, I attach a "^{CC}~~work~~shy" draft which has been prepared in consultation with FCO and Treasury officials.

5. I am copying this to the Foreign and Commonwealth Secretary.



ROBERT ARMSTRONG

(approved by Sri R. Armstrong
and signed in his absence)

24 April 1980