

CONFIDENTIAL

Ref. A0565

PRIME MINISTER

*The Commission
won't do*

paper

2/4/78

Community Budget

This minute makes proposals for further work and meetings following your visit to Bonn.

2. First, you decided at OD on 24th October to have a small meeting of Ministers to consider what might be an acceptable outcome at the Dublin European Council. I suggest that this meeting should be held in the week beginning 12th November (in my note on Business I am suggesting Wednesday, 14th November at 4.00 pm), i. e. before your meeting with President Giscard on 19th-20th November and the Finance and Foreign Affairs Councils which meet on the same two days. You will need to have the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary at the meeting; I suggest you should invite the Lord President of the Council and the Lord Privy Seal as well. A limited number of officials who will be intimately involved in the negotiations up to, and including, the Dublin meeting should also, I suggest, be present, so that no records need be circulated. That means Sir Michael Palliser, Sir Kenneth Couzens, myself and Mr. Franklin. You and your colleagues might find it useful to have for the meeting a note setting out the questions you will need to consider and giving a few "bench marks" against which to measure possible outcomes, e. g. where we would stand in relation to the net contributions by France and Germany. If you agree, we will produce such a note in the Cabinet Office; we will consult Sir Michael Palliser and Sir Kenneth Couzens in preparing it, but no copies will go outside No. 10 and the Cabinet Office.

4.30

Amend

3. Chancellor Schmidt stressed the need for adequate preparation in advance of the Dublin meeting. While we remain doubtful whether President Giscard will show his hand much before the Dublin meeting itself, we must be seen to be taking trouble to take matters as far as we can before Dublin.

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4. The State Secretary in the Federal German Ministry of Finance, Herr Lahnstein, is planning to call a meeting, probably on 12th November, which Sir Kenneth Couzens will attend. This may shed further light on the attitude of other member states; we ourselves will stick on the line of "broad balance".

5. COREPER in Brussels will be considering the Commission's report and our aim there will be to produce a paper which the Finance Ministers and Foreign Ministers can endorse setting out as clearly and concisely as possible the issues for decision in Dublin.

6. We must also keep up the pressure in bilateral Ministerial contacts. You have now spoken to the Belgians, the Italians, the Luxembourgers and the Germans; and you will be meeting President Giscard on 19th-20th November. The Chancellor will be meeting his French opposite number on 6th November, and the Foreign and Commonwealth Secretary will be visiting The Hague. The new Danish Foreign Minister is due to visit London on 16th November. The Belgians, who are not being particularly helpful, probably need another visit. The Foreign Secretary will be in Brussels on 26th November and will see Monsieur Simonet; but that is very much the eleventh hour, and we should have a go at him before then. Given the current preoccupations of the Foreign Secretary and the Lord Privy Seal with Rhodesia, we might ask the Lord President, who knows Monsieur Simonet well, to visit him in Brussels.

7. That leaves the Irish, who are of course especially important because of the Presidency. We ought to have another go at them on the issue, and we ought also, later in the month, ^{to} discuss with them the handling of the Dublin meeting, though this should wait until after the Council meetings and your meeting with the French President. On the issues, I think we should ask the Lord Privy Seal to visit Dublin as soon as he can. On the handling of the Dublin meeting, this could, as suggested by Sir John Hunt earlier, be undertaken by Mr. Whitmore and Mr. Franklin after 20th November.

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8. Finally, the Commission has reserved the right to make further recommendations before Dublin: this reinforces the case for you to see Mr. Jenkins again before then.

Agreed not

RA

(Robert Armstrong)

2nd November, 1979