

Greece.

Range of focus into details
Take most important political decisions.

Political Victors

Middle East, Cyprus, E/W relations,
Central America.

Main work. - Ways to facilitate
decisions. On election run, i.e.

no job ahead to compromise but
opposition take upper hand.

Am calling for registration.

Go forward & become defund.

Point relates to Acad. Britain.

Budget & Drink Problem first.

[N.B. did not at Lancaster

if that ^{House} - may end up without solution

↳ everywhere - understanding that
U.K. has just rank

2

This readiness - if agreement on
other issues - that agreement
provisional on whole package.

Unless we agree on budget - no
agreement in others.

Green " laurel the following problems.

→ (i) Reorientation of Ag

- Price {
- a) Milk - global market
and consider problem of
Ireland.
 - b) Cereals - substitutes - a decision
 - c) MCA's - Abol: of uniting,
- Avoidance of new.
 - d) Long term effort to avoid
surpluses
Mediterranean Members not
worked.

(ii) Structural Funds

- a) Efficiency.
- b) Increase resources.
- c) Impact of enlargement

Integrated Tech Programme for
enlargement. 3

d) New Action - Research \leq spirit

General guidelines for a
framework technology.

Fiscal discipline.

Liberalism around control.

- where do we want

community to be in 1990?

Slower rate of expansion of

expenditures

pouring of structural funds

in real terms.

Budgetary discipline should be

linked to facts we have for

1990.

Distinction between expenditures

or waste.

Expenditures to implement policies

INCREASE OWN RESOURCES.

Suffice 1.6% for 1990.

1.8% for 1993.

Budget ~~see~~ decision that will last. ⁴

Enlargement "on the look".

Spain & Portugal

enter 1 Jan 1986.

Procedure

5 mins each -

Take look at whole package today.

Kohl - work beyond 70 words.

Me. - AS arranged - speak.

Lubbers. - Financial discipline
Fr. proposal.

With "

Cautel that we do it remain
too vague.

AP. - Policy rather than content
of all procedures - no

Artificial distortions.

Budget imbalance -

↳ food control of spending
Complaint about unfair budget
institutions.

Italy - Recipients.

Rec. commercial relations
taken into account.

Have limited protection - not
ready to renounce, not a common

Major purchasers from GB?
not aiming at self-sufficiency
not ready to reduce production

These things would make a solution
impossible.

Belgium

- Own reserves etc - everything before
agreement on anything.

- Don't have budget discipline -
but may run aground.

- How long our statements will
take it we will do as our

Th. Aarud

Ulaty . - Food deficit
\$ 7,000m.

Imports of milk & meat - from Community.
Production of milk insufficient.

Should go to root causes.

If work practices too much - people
won't wear it. Curia inculcates.

Call for a different method of
dealing with matters.

Accept large deficit in this form of
production.

In no way could we accept
a rule that applies to
business countries.

Th. Aarud : -

1981 - growth rate 3 or 4%.

Quote rate =

1981 - ref year - 2% increase on
to p of 1981.

1983 - not true

If quote system of keeping records

Use on each of these five points.
 Prepared to broach all problems.

Th. Huber - Social policies must be considered.

W. Helms - Court

Schluter

Increase in Germany of U.K.

U.K. Butter self-sufficiency increased by 220% in
 10 years

Germany 130% - now in balance.

The greater the increase in production, the greater
 the hardship in putting limits or reductions
 on quantities.

But against individual quotas for
 each producer.

Agree a supra. levy at dairy level.

Thorn - 1981 - only accept 0.5% per year.
 France 4% Int.
 Ireland 11.5% 0.6
 U.K. 8.25% 1.4.
 81- 1983. Milk 7.2
 Milk 7.2
 Denmark 8.
 Italy 4.75. 0.4-4

$\frac{2}{3}$. Issues,

Basics - Community M.P.

But no hope of consumption
catching up with production

Why surpluses?

40-35%

Look at causes.

Quantitative Threshold at national level.
at individual level

Have the surpluses

Specific measures.

heavy on intensive prod?

75% heavy for overseas

France up 4-76%
fixed countries up twice as much.

U.K. -

Germany with 0.4 less than Fr. with in
France, less than Britain with in
Italy.

Sp. Levy on intensive holdings rather than crops

Save \$ 1 billion ann

Multi factors.
of or social

High prices to
return farmers
incomes.

Princ.

Co-responsibility - levy

Exemptions - (3)

Flexibility -



- Demand diminish prod.

Levy 75%
beyond
threshold.

① Ireland 98-100 ^{from} ^{ann} ^{levy} ^{but}

1983 - 202

② Substitution of Cereal

Substitutes - consultations

③ Abolition of export MCA's -

for all regulate M.C.A's

④

to encourage reduce expenditures
below 300-500

⑤ Pay - for soils.

1) Proton be drastically reduced

2) Cautious monetary policy.

3)

$81^+ \sim 83^-$

83^-

- ~~loss to them~~

increase of $+3\%$

$83 \rightarrow 4$

$\frac{7}{8}$

1/

100 in km

500 in km more

1.1% not 1%.

Answer - Pass on Intensive holdings

Further MCM, - Contradictory
measures required.

Applic. of sentences
of measures

Noted near

Caruth Fitzgibbon

No matter outside milk

Milk - grants for underlands

Accumulate increase - insufficient.

- unacceptably.

- reality of impact on our economy.

No prospect to more milk output beyond normal prospect.

Frictions of milk.

Logic to reject reality

Accept responsibility level.

Mr. Vaipis - Could it be a basis for a new text.

No. of issues - very limited

Take up great deal of time

No. of issues reduced

Thom -

For most jobs -

"could be accepted provided
some changes
needed changes were
made"

Schluter

Other products - 350 m eu

M.C.R.'s - more binding system without
~~drop~~ ~~is~~ needing adjustment with

New policies - limit workable.
14% VAT directive.

Trade policy instrument.

If finance will - do should be able
to fill in all details.

Working time - not community issue

Budgetary Discipline - Vieth basis in

Presiding submission

Correction of imbalances 1/ - Price 10%

through - we normal
VAT system.

Own Resources - Ag. policy will

enjoy share of increased
VAT ceiling.

PRIME MINISTER

AGRICULTURE SPEAKING NOTE

This revised text takes us back some way from the prospect of an agreement. If we are to make progress, some major changes are needed and some points will have to be dropped.

Para 1 (Price Policy and guarantee thresholds)

I could accept the text unchanged provided, either here or in paragraph 5, the following is added:

"The European Council agrees that guarantee thresholds will have to be applied to the other products subject to Market organisation rules both in sectors which are, or are likely to be, in surplus and where such measures prove necessary because of a significant increase in expenditure or where production is increasing more rapidly than consumption".

Germans and Dutch should support.

Para 2 (Export and Import Policy)

I made specific proposals for amendment yesterday. In particular, I ^{cannot} agree to a blanket reconsideration of our import arrangements and I suggested a slightly revised text which in my view is likely to be acceptable.

Para 3 (Milk)

I have 3 points

- a) This text is not good enough on prices. The more we raise the quantity above 97.2 million tonnes, the greater is the need for a rigorous price policy. We are in real trouble over milk. It is wholly reasonable to look for a price freeze, at least in the immediate future.
- b) I am very surprised to see e. I am sure we can agree to leave over the points in the indents for the Agriculture Ministers. On the co-responsibility levy I explicitly said that I would not accept an increase and I concluded that this was one of the few points on which we have reached agreement yesterday.
- c) I cannot agree to special treatment for Ireland, Italy and Greece. [I am very surprised at the suggestion that Ireland should have a quota above current levels whilst others have

Rape
seed?

Penner - tonight -

P.Mi + F.S.'s joint focus, stay on
notative can produce results.

~~Penner~~

-- Minimum payments

Upper limits to expenditure

Revenue

determining.

not expenditure.

Principle of leverage

limit on contribution

not a guarantee of receipt.

Further (dual vote) (ii)

to [] [] (iii)

Burden

(i)

Andreotti

- Charge jurisdiction

Papandreu

- Commercial balance with the

Community has worsened.

Juste retour - then why bother?

Accept high interest rates & high

deficits in U.S. ; Savings of Europeans
invested in U.S.

Budget Problem.

Rule - will become operational
after approval by Parliament.
i.e. after Jan 1986.

84-85

Ad hoc settlement.

England. indefinite duration.
Some years - after horizon.

Yardstick for free-

Scale of VAT revenue
Scale is

Size of corporate goes down with
income = reduction

6 years
not 1 year

Agree with all that have measurement of the
VAT.

Sep. or yardstick

①. Smaller Sep.

②. Mechanism

leading to threshold
Mechanism must pay
in 1986.

2000 m €

(⁷⁰⁰
500)

Doesn't run contrary to Treaty,

Half a letter can be understood

Net balances - Out of question.

the solution.

Not report an actual
solvent.

Variable figure - not

Points:

lot of work since

Current year.

- From one year
to next.

↓

G. Treaty

Attitude

Turks Return

Lower costs
↓
Agriculture
Cultures

8,000 n e cu
=

Compensation

Lichting

- charges - net contributors.

3rd net contributors.

Can this concept be accepted.

- refer to world this movement

U.K - regulated measures defined
for Budget - transitional
measures

- 1980 - extended - in period
of transitional measures

within ambit of treaty.

- agricultural policy.

- Brink CONSERVATION

EEC being used - system

Wider than idea of treaty

Blender system

Italy - budget per capite.

- degree of prosperity →

VAT modulation. -

if except some countries for share to refer to U.K.

Could not accept principle

that those countries which have a political.

Fitzgerald - where GDP

- agree.

Ritter and - Rome contract.

- specific transitional measures

Treaty - excludes any right to
dependence on
justice relates

Waves

'Relationship' - we are trying to define

Temporary mechanism

Some - degressive

unrequited development of community policies

Commons - model of VAT

Can't accept Presidency proposal

Accept Commission proposal

Andreessen - Approach not justified

- look at Community as a whole

Chaplin in revenue - not contributions by a country

Rotterdam levy - not contributions by Netherlands

Duis products - other things
- letter from N. Zedner

4) Mechanism of the

~~all~~ should participate
on VOTB scale

Mechanism of correction
Node - VOTB.

add correction on expenditure

System of correction system
of redistribution acc to
relative share

Calculate imbalance.

Share of GDP - distribution
per head of people
+ total wealth of
community

Size of correction depends on
relative wealth.

Now

1 Lubbers -

share 1 on revenue

at
equilibrium

2 has corrected redaction

Upper limit for FRA under.

Not calculable federal rate.

VAT law. - Not supplementary expenditure.

Consider - ALTERNATIVE
proposal.

3 Schluter - after minutes.

NORMAL VAT shares

4 Partners -
1) After on basic principle
limited corrected

- only very limited no.

Can't accept company proposal
share expenditure

Intention - (A.P.)

shortly effected by monthly
factor - division
parameters

2) Correct partly on both sides

3) Calculating - ?

Bene Jo: functioning

Home to a community-

Adv / Disadvantages

Historical reasons.

Specific Adv → Formula
↓
Standard Formula

Note a solution for the Budget
problem.

Underline - -
Temporary site
F.R.G. -

Country as such →

Cannot ignore share of own resources

Vayis

Composites - exam

X

- 1) Market value - Mv = Δ expenditure
- Share of GDP in consumption

\rightarrow Higher level acc. to relative price
per capita income.

20% County GDP.
10% Δ expenditure
150% Consumption or not
or. GDP -

Sept

2

combines

f

3 values 1) How should combine
be added

Paid

Revenues

- National Budget

- draft of amend.

Public Works - Soundness,
a modified,

Take more heavily in less
heavily.

~~State~~

Schluter

)

Financed or budgetary
disruptive

Presidency Views

Efficiency - cut down waste

Cost effectiveness

level of expenditure - cut down

look at own resources

2 diff. pt of view.

know & determine own resources.

within limits of resources.

→ Policy = Cost ~~part~~ of Policy.

Ch. Hubbs

- Friend Sheldon

Others

Milk

1. 98 - 100 m. tons.

Ref. year flexibility.

2. Ireland - handled in a satisfactory way

Italy - should not cut its production

Greece - heavy imports

Cereals

3. Stabilise imports of substitutes

- rationalising consumption

- limit waste

Expenditure

4. Reduce expenditures in ag. by 300 - 500 Em.

5. Oil & Fat Tax. - disincent

M.C.A.'s

France will reduce inflation differentials
between FRG - France.

New M.C.A.'s - not much effect.

But will be future M.C.A.'s - ...
disinflation! But No

We have target of 5%
if Germany 3% - then new
M.C.A.'s.

Germany - would set up a MARK zone.

Mr. Varfis

Will prepare a
document that will be
made available

Will cover gn. & budget issue

Will be based on idea that Presidency
put forward

Guidelines only - but

Council decisions

Milk

Quantities.

Flexibility

Export cases.

Cheese

Subsidies in milk

New Savings

New Products
Aids
Expenditures

Time on Old Acts

M.C.A.'s

Constitution proposal 3 years

Group moves in D.M.'s

Clear standard.

Prefer to do it in three years

Discontinuing the M.C.A.'s

Andrews - Automatic system.

Dr. Schultz Old the M.C.A.'s
Study to find decision.

Gearty - "pushing the buck".

Whole series of implications
looked at carefully

By time we return - shall

have a document.

Watterson

- Agree look at discontinuing
existing M.C.A.'s - not immediate

nor on a limited
post you will

future M.C.A.'s

Concise - As much found
for within with as
outside

Andretti - Cart aupt
new guaranteed thresholds
for new products

- Tomalon - threshold
aluddy other.

(i) Competition - analysis of interest
policy - Paper for
union fruit - 1982
fruit 2% of all union
fruit.

(ii)

Probably need more
economizing than we have done

But in recommending some
economies, one should take into
account diff. between
northern & southern

Reducing subsidies for huller.

Turn of dr-

M.C.A's

Fundamental

the M.C.A. become rejected M.C.A's

4 year further: agreement

National measures & community measures

to help phase out

Community have to be a party to

financing them - to some extent.

Bundle of measures - 10 years.

Tarsten.

- Bundle - that
the become -ve

National aid - financed by
Community.

Next price package.

Community must make a contribution
to national measures.