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Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

UK BUDGET CONTRIBUTION: ACTION IF THERE IS
NO SETTLEMENT AT THE MARCH EUROPEAN COUNCIL

I think we are to discuss this separately before the Cabinet consideration of our negotiating position on Thursday next 2⁰~~7~~th March.

2. Failing a settlement, the best outcome is one in which the Brussels communique on 1 April provides clear evidence that progress towards a solution acceptable to us has been made and that negotiations for further progress can continue. Even in that situation you may judge it advisable to say that unless a satisfactory solution can be reached at the June Council, you will certainly come under very strong pressure at home to withhold. //

3. The second possibility is that you reach an impasse. This might take the form of some, but insufficient, progress at the Council, with however no prospect of any further progress; or it might amount to a failure to register any progress at all. In that situation I think that both the negotiating position and the domestic political situation would require you to give notice that you would very probably be obliged to withhold. It would however be essential at the same time to reiterate that you had no intention of being driven out of the Community and that you were determined to solve this matter in the end by achieving a settlement.

4. It is possible to imagine intermediate situations in which the possibility of further progress seemed to be there, but to be slight. Action would have then to be a matter for your judgment.

/In any

S E C R E T



In any intermediate situation I would lean towards the first formula - perhaps fortified by a statement that there was no chance of progress on other major Community issues, such as agricultural prices, until the matter was resolved. But I feel it would be right for Cabinet to arm you with full authority, in the last resort, to take either course according to the on the spot judgment of Peter Carrington and yourself.

5. I am copying this minute to the Foreign and Commonwealth Secretary and to Sir Robert Armstrong.

D. Wiggan

for (G.H.)

15 March, 1980

approved by the Chancellor & signed
in his absence.

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