



PM/81/60

PRIME MINISTER

The Mandate

1. In the light of our discussion this morning, I thought it might be useful to set out the main considerations affecting the organisation of the ad hoc, informal meeting of Foreign Ministers which the European Council decided should take place at an early date to try to resolve the four main outstanding problems on the Mandate.
2. We have I think four broad tactical alternatives:
  - i. to try to get a package agreed here and now on the budget. But that would only be feasible, if at all, on the basis of the current French offer - a lump sum refund for three (or possibly four) years on a degressive basis and giving us no more than under the 30 May arrangement. And we would be asked for precise, detailed commitments on milk and other agricultural points;
  - ii. to organise a meeting before Christmas with the aim of getting agreed guidelines, if we can; and, if we cannot, of ensuring that the blame for failure is placed elsewhere;
  - iii. to organise a meeting before Christmas at which we show no give in our position on any of the agricultural items, in which case there will be no agreement and we will very probably incur the full blame for it;
  - iv. to postpone the meeting until the Belgian Presidency.
3. The first alternative is certainly not the long term solution we are seeking. Both the third and fourth

/alternatives





alternatives seem to me likely to damage our prospects in the substantive negotiations next year and to slow down their progress. The minimalist positions on the budget, taken up by the French and others, will remain on the table. We will be criticised for the way we have handled the follow-up to the European Council; and national positions will be sharply and prematurely polarised. We will alienate the Germans who set great store by an early agreement on guidelines. If we follow the fourth alternative there is a real risk that the Belgian Presidency will continue to try to agree on guidelines, when we will want all the focus to be on substantive solutions.

4. I accept that any judgement between the alternatives must rest on the relative value we attach to getting budget guidelines and to avoiding guidelines on milk and Mediterranean products. Like the Chancellor, I believe the budget guidelines he has in mind would be well worth getting. I am less clear about the risks - political or financial - to us from what we might be asked to accept on the two agricultural points. The countries like us, which are resisting concessions, will neither need nor be prepared to go beyond very general formulations which will leave a lot to play for at next year's price fixing.

5. In my view alternative ii best corresponds to our interests. We would have the chance to get budget guidelines of value to us in the detailed negotiations to follow. Any guidelines we accepted on milk and Mediterranean agriculture could only be implemented in the price fixing negotiation next spring. We would have a chance of getting a guideline on limiting agricultural expenditure which would be helpful. And finally we would get credit for having rounded off an effective and fair-minded Presidency.





6. If we can agree to proceed as I suggest, then I think a meeting of Foreign Ministers only, on 15 or 21 December, would serve us best. (The former is the preferred date for most others but has the inconvenience of being the day before you go to the Parliament in Strasbourg.) And we ourselves will need to decide on our minimum requirements for budget guidelines and the kind of flexibility we could show, in return for agreement to them, on formulations for milk and Mediterranean agriculture.

7. I am sending copies of this minute to the Chancellor of the Exchequer and to the Minister of Agriculture, Fisheries and Food.

A handwritten signature in blue ink, appearing to be 'C' with a flourish.

(CARRINGTON)

Foreign and Commonwealth Office  
2 December 1981