



PM/82/7

PRIME MINISTER

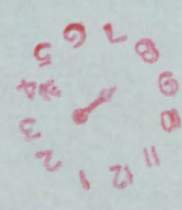
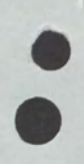
30 May Mandate: Message from Chancellor Schmidt

1. In his message to you of 22 January, Chancellor Schmidt asked you to use your personal influence to ensure that agreement was reached at the meeting of Foreign Ministers which took place yesterday which would enable the conclusions of the European Council to be adopted.

2. In the event, as you know, we got nowhere yesterday. The meeting concentrated on degressivity and we were not able to make any progress on that at all. It was clear that the others wanted me to accept a commitment to arbitrary degressivity even if our problem got worse; and I made it equally clear that I was not going to do so. Tindemans and Thorn will now take soundings of Member Governments to explore the possibilities for a solution. This is likely to mean that the negotiations on figures for the budget settlement will now merge with the negotiations on guidelines.

3. Meanwhile the provisional conclusions on the Mandate remain in limbo. As you remarked on Friday, we should insist on the linkage of all the components of the Mandate. As far as farm prices are concerned, we should argue the merits of each point strongly while of course having no intention of allowing the price review to be settled until the budget is sewn up to our satisfaction. We should take a particularly tough line on any proposals that would increase our unadjusted net contribution.

/4.



27 JAN 1982



4. In replying to Schmidt it would be useful to spell out for him just why we could not accept the kind of text on /
degressivity which was on offer yesterday. I attach a draft message which you might like to send to him.

5. I am copying this minute to the Chancellor of the Exchequer and the Minister of Agriculture.

e

(CARRINGTON)

Foreign and Commonwealth Office, SW1

26 January 1982