

cc France Int. St.
 Euro Pot CAP
 Euro Pot Budget

Ref. A084/2063

PRIME MINISTER

Cabinet: Community Affairs

You may like to tell Cabinet about your discussions with Dr FitzGerald, in his capacity as President of the European Council, and with the French Minister for European Affairs, Monsieur Dumas, particularly about the next President of the Commission. In the absence of a German candidate, most member states are supporting Monsieur Delors (until the recent reshuffle, the French Minister of Finance). The French Government are pressing for an early decision, in order to resolve uncertainties about Monsieur Delors's future. We do not dispute Monsieur Delors's personal qualities, although we should have preferred greater respect for rotation of this office between member states.

2. The Foreign and Commonwealth Secretary may refer to the appointment of Monsieur Fabius as Prime Minister of France and the consequences for Ministerial responsibilities there. He will also report on his discussion with Monsieur Dumas about the handling in Brussels of the Commission's proposals for a supplementary budget for 1984 and for the preliminary draft budget for 1985 which are in excess of the revenue available under the 1 per cent VAT ceiling. In discussion with Monsieur Dumas, the Foreign and Commonwealth Secretary has also received an assurance, in exchange for our agreement to Monsieur Delors as the next President of the Commission, of French support for a United Kingdom candidate for the post of Secretary General of the Commission, when this becomes available at some time between now and 1987.

3. The Minister of Agriculture, Fisheries and Food will report on the Agriculture Council on 16-17 July. This reached agreement on better control of production aid for olive oil. In response to pressure from the United Kingdom, the Commission promised a comprehensive report in September about the

arrangements in other member states for administering the milk supplementary levy; Mr Jopling urged the vital importance of avoiding discrimination between the producers in different Community countries. The United Kingdom also urged the Commission to produce early proposals for the introduction of a guarantee threshold for olive oil. The French made a statement on the budgetary implications of the 1984 farm price fixing, arguing that the package of economies then agreed was the most that was politically acceptable and that everybody had recognised that a supplementary budget would be needed later in the year. Mr Jopling recalled that the United Kingdom had made it clear at the time that agreement to the prices package did not signify the United Kingdom's acceptance of the need for additional budgetary provision for 1984 and had recorded this view formally in the minutes. The United Kingdom believed that the budget must be brought into balance in accordance with the Treaty.

4. The Budget Council on 18-19 July is discussing the draft supplementary budget for 1984 and the 1985 preliminary draft budget: this will be a difficult Council, since it is in the United Kingdom's interest to maximise savings and to push any irreducible minimum 1984 budget overrun into 1985 when we shall benefit from the new budget refund system. The interest of other member states in the contrary. It is unlikely that the results of this Council will be known before Cabinet. The last Foreign Affairs Council before the Community's August holiday is on 23-24 July.

R
Approved by
ROBERT ARMSTRONG
and signed in his absence.

18 July 1984