



Ref. A083/3122

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary may wish to report briefly on his discussions with the Italian Foreign Minister on 31 October. He may also refer to the discussion in the European Parliament on the 1984 draft budget (which includes the 750 million ecu net for the United Kingdom refund for 1983). The European Parliament has put the 750 million ecu for the United Kingdom refund and 825 million ecu of agricultural guarantee money into the reserve Chapter 100. This is not the end of the story. We expect that the Budget Council on 22 November will reinstate the original satisfactory provision on budget lines. The budget will not be finally decided before mid-December.

2. The Chancellor of the Exchequer may report that, following his discussion with Herr Tietmeyer, the German paper on future financing and the budget inequity has been corrected in a number of ways more helpful to the United Kingdom (in particular, the Germans have removed the figure of only two-thirds compensation to the United Kingdom for the "payments gap").

3. During the next seven days the Energy Council will meet on 4 November, the Industry Council on 4-5 November and the Research Council on 5 November. There will also be an informal meeting of Social Security Ministers on 7 November. You are seeing Chancellor Kohl in Bonn on 8-9 November. The Special Council carrying on the post-Stuttgart negotiations will meet on 9-12 November, an important meeting in the preparation for the European Council. The Foreign and Commonwealth Secretary will speak at Chatham House on 4 November about Britain's approach to these negotiations. On the same day you will be reviewing the negotiating situation for the December European Council with a number of your colleagues.

DAVID WILLIAMSON

2 November 1983