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F.A. Green. * ~~~~~~~~ *
* ~~~~~~ *
* ~ * Cabinet Office

E.R.

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TOP SECRET

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[initials] 12/x

Mr Armstrong

The Prime Minister might like to see the attached report, re the Germans' view of our EEC cost estimates.

We now know that the French, German and Dutch (and Commission) experts all think:

i that our estimates of the cost to us in 1978 are, broadly, right enough;

ii that the only major issue is how big the Community Budget will be then (see note attached)

iii that nevertheless they must not say so in public because this would undermine the Community's negotiating position.

This note is sent for information only; because the financing estimates are at the core of the negotiation. We are of course considering intensively how to play this key hand, now we know that any challenge to our estimates can only be, broadly, marginal and tactical. [initials] 12/10

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