

CONFIDENTIAL

PRIME MINISTER

Community Affairs

*W. 19/12/79*

The Minister of Agriculture might be invited to report on the outcome of the 10th-11th December Agriculture Council. We (and the Italians) secured our green currency devaluations against strong French resistance; agreement was reached on the basis for negotiating voluntary restraint agreements on sheepmeat with third countries, with no concessions to the French on the internal regime; the wine package was agreed at lower cost levels than originally proposed by the Commission; and a first discussion took place on Commissioner Gundelach's CAP economy proposals.

2. The Chancellor of the Exchequer might report on the meeting between the Budget Council and the European Parliament on 12th December, and on the prospect that the European Parliament may reject the 1979 supplementary Budget and the 1980 Budget.

3. The Secretary of State for Trade and the Minister of Transport might report on the outcome of the 6th December Transport Council, which inter alia agreed a series of measures designed to lead to a liberalisation of air transport and lower fares within Europe.

4. OD(E) will have met immediately before Cabinet to discuss guidance to Departments on the Government's relations with United Kingdom Members of the European Parliament, and possible further Community action against United States synthetic textiles. The Chancellor of the Exchequer will have been in the chair, and could be asked to report.

RA

(Robert Armstrong)

12th December 1979