

*Under  
Poland.  
Middle East.  
Lebanon  
Syria/Jordan.*

CONFIDENTIAL

*Poland  
Belgium.*

Ref. A03730

PRIME MINISTER

---

Cabinet: Community Affairs

You will wish to inform the Cabinet of the main results of the 1st-2nd December European Council meeting, both on political matters (Poland, Middle East, Lebanon and Syria/Jordan) and Community affairs (unemployment, industrial innovation, budget restructuring and Japan). You also mentioned the effects of low United States energy prices on industry; and the slow progress on insurance and air fares. All except one of the new Commission have been named. We are now backing Mr. Richard for the Social Affairs portfolio.

2. You also stressed the need for an urgent decision on New Zealand butter. Mr. Walker may seek to discuss in Cabinet the line he should take at the Agriculture Council on 8th-9th December. But there are complicated legal and tactical questions to be sorted out. Can we legally go on importing New Zealand butter after 1st January if there is no Community agreement? Can we avoid the French making some linkage, and what are the relative dangers of a link with next year's price fixing or with budget restructuring? Ministers should not be asked to make up their minds on this without having an opportunity to think about it first, preferably on the basis of a paper setting out the issues. You may therefore want to suggest that they be considered by OD(E); a meeting has been scheduled for tomorrow (Friday) morning. Mr. Walker could circulate a paper for that; and the Foreign and Commonwealth Secretary could report the outcome to you after the meeting.

3. The Secretary of State for Energy might be invited to report on the outcome of the 27th November Energy Council, which agreed a Community position on oil supplies for the IEA Ministerial meeting on 8th-9th December.

4. The Secretary of State for Employment might report on the 27th November Social Affairs Council, whose main practical achievement was the extension of reciprocal social security benefits to the migrant self-employed. This will mean that the self-employed can carry their rights to medical care with them when they travel within the Community.

*REA*

ROBERT ARMSTRONG

3rd December, 1980

CONFIDENTIAL