



CONFIDENTIAL

Ref. A02060

PRIME MINISTER

Cabinet: Community Affairs

/Assuming that Iran and Afghanistan are dealt with under Foreign Affairs/.
You will wish to report to the Cabinet on the outcome of the discussions on our budget problem at the 27th-28th April European Council, enlarging as appropriate on your statement in the House on 29th April. You could say that you will be considering with the Foreign and Commonwealth Secretary how best to carry matters forward, with the aim of ensuring that the negotiating momentum is kept up and that our present leverage on agricultural prices, sheepmeat and the 1980 budget is used to the best tactical effect (I understand that the Foreign and Commonwealth Secretary will be minuting you shortly on this). You might wish to make clear that, apart from blocking progress on the issues our partners themselves have linked to the budget problem, we shall in other fields for the time being continue to play a normal part in the ongoing business of the Community.

2. The Minister of Agriculture might be invited to report on the parallel meeting of the Agriculture Council, at which the other member states reached agreement on a 5 per cent increase in CAP prices and the main elements of a sheepmeat regime.

3. OD(E) will consider on 2nd May the line the Minister of Agriculture should take at the 5th-6th May Agriculture Council. There will also be a Foreign Affairs Council on the same days.

RA

(Robert Armstrong)

30th April, 1980

CONFIDENTIAL



Faint, illegible text covering the majority of the page, likely bleed-through from the reverse side.



30 APR 1980