CONFIDENTIAL

Ref. A0495

PRIME MINISTER

Community Affairs

You might wish to tell the Cabinet that you saw Mr. Roy Jenkins on 22nd October and left him in no doubt of our determination to reach a satisfactory solution to our Budget problem at the Dublin European Council, but, as you told the House on Tuesday, staying just within the limits of the law in pressing to get our way. (The decisions taken by OD today on our negotiating tactics in relation to the Budget would not be appropriate for Cabinet discussion.)

- 2. You might also wish to confirm to Cabinet that OD on 24th October reached agreement on the line the United Kingdom should take in the 29th October Fish Council. Provided the industry would go along with this course, the Fisheries Ministers would seek progress at next week's Council on a Community conservation regime, leaving quotas and access to be settled later.
- 3. The <u>Foreign and Commonwealth Secretary</u> might be invited to report on the exchanges which took place last weekend at the informal Foreign Ministers' meeting at Ashford Castle in Ireland, on his talks with the Italian Foreign Minister in London on 22nd October (Signor Malfatti also saw the Chancellor of the Exchequer), and on the outcome of the 23rd October Development Council (which took no decisions of major importance but made useful progress on aid for non-associates).
- 4. OD(E) will be considering on the afternoon of 25th October the line to take at the 30th October Agriculture Council on sheepmeat. But meanwhile the Minister of Agriculture might be invited to inform the Cabinet of the message he has been warned to expect presumably on this subject from the French Government.

(John Hunt