



CONFIDENTIAL

PRIME MINISTER

Community Affairs

Since the Cabinet's full discussion on 1st May of the outcome of the Luxembourg European Council, there has been some procedural progress on our net contribution problem and related issues, but no movement yet on substance. The two Councils last week (Foreign Affairs and Agriculture) passed off without damage to our interests: no attempt was made to resort to majority voting on the CAP price package and the United Kingdom made some gains on detailed aspects, notably whisky export refunds. Though France and Germany formally withdrew their Luxembourg offers, the Presidency stressed the importance of solving all the inter-related issues before the end of May and the Foreign Affairs Council agreed that discussions should continue at the 17th-18th May informal Foreign Ministers meeting. Since these Councils a number of bilateral contacts have taken place and the Commission have brought forward revised proposals on sheepmeat.

2. You might wish to inform the Cabinet of the main points that arose in your talks on the budget problem in Belgrade with Signor Cossiga and Chancellor Schmidt.

3. The Lord Privy Seal (in the absence of the Foreign and Commonwealth Secretary) might be invited to report on the outcome of the 5th-6th May Foreign Affairs Council, Lord Carrington's talks on 13th-14th May with Signor Colombo and Mr. Jenkins, and the prospects for the informal Foreign Ministers meeting at Naples this coming week-end.

4. The Minister of Agriculture might be invited to report on the outcome of the 6th-7th May Agriculture Council. He might also report on his talk with Commissioner Gundelach on 13th May about sheepmeat and fish, which led to your agreeing to a private bilateral meeting on 14th May between Mr. Buchanan-Smith and Herr Rohr on possible guidelines for resumed negotiations on a common fisheries policy.



CONFIDENTIAL

5. The Secretary of State for Energy might be invited to report on the outcome of the 13th May Energy Council, at which agreement was reached on 1990 energy objectives and new lines of action on energy saving.

6. An informal meeting of Social Affairs Ministers will take place in Venice on 15th-16th May. The Secretary of State for Employment will represent the United Kingdom.

REA

(Robert Armstrong)

14th May 1980