

Ref: A09669

CONFIDENTIAL

EUROPEAN  
POLICY

PRIME MINISTER

Community Affairs

Following last week's Cabinet discussion, you may wish to confirm (in the light of the Foreign and Commonwealth Secretary's minute of 29th May) that you will be circulating to Cabinet Ministers a simple statement of the basic facts underlying the Budget problem and a line to be taken in bilateral contacts.

2. The Lord Privy Seal (in the absence of the Foreign and Commonwealth Secretary) might be invited to report briefly on the 24th-26th May ACP/EEC Ministerial Conference which was unable to agree on a new Lome Convention. Although considerable progress was made towards settling other aspects of the renewed Convention, including trade, minerals, agricultural co-operation, duration and human rights, agreement could not be reached on the level of the new European Development Fund (EDF). The Community offered a total of 5107 MUA, justifying this figure on the grounds that it represented the maintenance in real terms of the present EDF. This was slightly above the figure we wanted, but most of our Community partners would have been ready to go higher. The ACP asking figure was 10,000 MUA plus 10 per cent for new elements in the Convention. Both sides agreed to resume negotiations at a later date; but our Community partners have agreed that the Community offer is non-negotiable and cannot be increased.

3. There should be no need for any other Community matters to be discussed. Though the Cabinet will not take Community Affairs again until after the 12th June, Foreign Affairs Council, any policy issues arising at that Council which call for Ministerial decisions should be brought before the Ministerial Sub-Committee (OD(E)).

John Hunt

30th May 1979