



European
Rt

CONFIDENTIAL

Ref. A03251

PRIME MINISTER

Cabinet: Community Affairs

You may wish to confirm for the record that you have nominated Mr. Tugendhat (for the second term) and Mr. Ivor Richard as the United Kingdom members of the new Commission. Although it is clear that we shall want Mr. Tugendhat to retain the Budget portfolio because of its importance in the restructuring review, you may prefer not to get into discussion of what Mr. Richard's portfolio might be until you have had the Foreign and Commonwealth Secretary's advice on this subject for the visit on 27th October of Mr. Thorn.

2. You may also wish to inform the Cabinet that OD on 13th October considered the approach we should take to the forthcoming budget restructuring negotiations and agreed the line on the basis of which officials will embark on exploratory contacts with our partners and the Commission. Further consideration is to be given to our line on the CAP.

3. The Lord Privy Seal might be invited to report on the outcome of the 7th October Foreign Affairs Council. The Council settled the outstanding points on the United Kingdom supplementary measures regulation, agreed a package of aid for Portugal amounting to 275 MEUA, and accepted the need - with only the Germans dissenting - for the introduction of obligatory cuts in steel production. The Germans are still holding out against mandatory measures but have since offered voluntary cuts. You might ask the Secretary of State for Industry to report on the current state of play on this issue.

4. The Minister of Agriculture might be invited to report on the informal meeting of Agriculture Ministers on 13th-14th October which was due to have a general discussion on the future of the CAP.



CONFIDENTIAL

5. OD(E) met on 15th October to settle the United Kingdom line on Product Liability for the next round of negotiations in Brussels on the relevant draft Directive and for the impending Parliamentary debates on this subject. The Sub-Committee also decided how we should respond to a move by the Commission to seek changes in our Regional Development Grant scheme to bring it into line with the Treaty. No discussion should be necessary.

6. Next week there is a Finance Council on 20th October and an Agriculture Council on 20th-21st October.

(Robert Armstrong)

15th October, 1980