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PRIME MINISTER

Cabinet: Community Affairs

A The Foreign and Commonwealth Secretary will want to report on the outcome of today's consideration by the bureau of the European Parliament of the Paisley/Taylor resolution that the Parliament has no competence to enquire into Northern Ireland's constitutional and political affairs. It is expected that the bureau will decide to refer the resolution to the Parliament's Legal Affairs Committee and that any further action will have to await that Committee's report. The effect would be to delay the enquiry at least for several months. You will have noted the advice on the legal position enclosed with Mr Bone's letter to Mr Coles of 3 March, which offers little hope of our being able to institute successful proceedings against the European Parliament in the European Court or to obtain an order from the Court which would prevent the Parliament's Political Affairs Committee from going ahead with the study. It is, however, now clear that the Committee will not hold any public hearings and that the European Parliament still considers itself bound by its 1981 resolution not to interfere in the constitutional status of Northern Ireland.

2. The Foreign and Commonwealth Secretary will also wish to report that Commissioner Dalsager announced to the European Parliament on 8 March that the Commission is to resume subsidised exports of surplus butter to the Soviet Union. Although the United Kingdom has made clear its opposition to such a move, once the formal go ahead has been given by the appropriate Management Committee there is little more we can do to prevent the implementation of the Commission's decision. It should however clear the way to the full implementation of the 1983 New Zealand butter quota, which has been held up by France and the Republic of Ireland pending the renewal of butter sales to Russia.

Friday

3. The Secretary of State for Trade will want to report the conclusion of the further negotiations with Spain on duty quotas for car imports from the Community. These have produced an improvement in the proposed quota on mid-range cars, which will now cover 5,000 cars at a tariff of 19 per cent. This represents an increase of 1,000 cars and a further 1 per cent tariff reduction and means that the new tariff will be virtually half the present rate of 35 per cent. The duty quota on upper-range cars remains 10,000 at a reduced tariff of 25 per cent. These quotas will be available to the Spanish subsidiaries of Community manufacturers or to the manufacturers' main distributors in Spain. The Spaniards also expressed the "firm hope" that they would introduce draft legislation on VAT this year so that its introduction could take place in 1984. They further expressed their intention of removing the discrimination on the maturing period for imported and domestic whiskies. The agreement records British Leyland's intention of opening talks on industrial collaboration with their Spanish associate Santana, the fact that the United Kingdom Government will engage its goodwill to minimise interference with the supply of Spanish cars to the British market, and that, barring unexpected developments, the British Government "should not intend to introduce further claims" about the operation of the 1970 EC/Spain Agreement. The Spaniards will be informing the Commission and other member states of their intentions before the Foreign Affairs Council on 14/15 March.

4. The two Council meetings during the past seven days do not require a report to Cabinet: the informal meeting of Development Ministers on 3 March had a preliminary discussion of the impact of falling oil prices on the Community's development policies, the Commission's preparation for the next Lomé Convention, and the reform of food aid; and the special meeting of the Agriculture Council on 8/9 March had a further discussion on the reform of the Mediterranean acquis.

5. During the next seven days, the Foreign Affairs and Agriculture Councils will meet on 14/15 March. The Foreign Affairs Council will prepare for the European Council meeting on 21/22 March, while the Agriculture Council will continue its consideration of the 1983 CAP price fixing. The Foreign and Commonwealth Secretary will meet Commissioner Tugendhat on 10 March to impress upon him the need to work within the Commission for rapid progress on both the long-term and the interim solutions to the United Kingdom's budget problem so that firm decisions can be taken by the time of the June European Council.



ROBERT ARMSTRONG

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