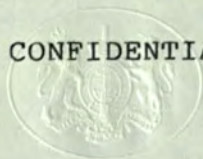


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PRIME MINISTER

Cabinet: Community Affairs

The Secretary of State for Foreign and Commonwealth Affairs will report on the Foreign Affairs Council which was held on 27 January. The Minister of State, Foreign and Commonwealth Office (Mrs Chalker) and the Parliamentary Under Secretary of State at the Department of Trade and Industry (Mr Butcher) represented the United Kingdom. It was agreed that all member states should make every effort to sign the Act that enshrines the Treaty amendments arising out of the Intergovernmental Conference on 17 February. Before it can enter into effect the approval of the national Parliaments of all member states is required. The texts are now complete. They include revised wording on the working environment which rules out the imposition of administrative, financial and legal constraints on small and medium-sized businesses. The Italian general reserve on the whole package will probably be lifted before 17 February. The Danish position depends on the national referendum to be held on 27 February. The Foreign Affairs Council heard a report by Monsieur Delors, the President of the Commission, on his recent visit to Tokyo and will follow this up with substantive discussion of Japan/Community trade questions at its February meeting. The Council also decided on a package of measures in retaliation against the restrictions which the United States have placed on semi-finished steel imports (the agreed quantity for the British Steel Corporation's contract with the plant at Tuscaloosa, Alabama is not touched). The Community measures will come into operation on 15 February if by then discussions between the Commission and the United States have not resolved



the problem. The Council also agreed, as we had urged and in spite of difficulties with the Greeks, on the need to take steps to unfreeze relations between the Community and Turkey.

2. The Chancellor of the Exchequer may report that the United Kingdom's case against the European Parliament on the 1986 Budget has been deposited in the European Court of Justice on 29 January. The debate on the supplementary estimate in the House of Commons will be on 3 February.

ROBERT ARMSRTONG

29 January 1986