



Ref. A086/553

PRIME MINISTER

Cabinet: Community Affairs

The Minister of State, Foreign and Commonwealth Office, Baroness Young, will report on the Foreign Affairs Council on 17-18 February at which the United Kingdom was represented by the Minister of State, Foreign and Commonwealth Office, Mrs Chalker, and the Minister for Trade, Mr Clark. The main event was the signature by nine member states of the Single European Act. In the event the Greeks and the Italians both used the Danish inability to sign as an excuse for delaying their signature. But the Danes seemed confident of the outcome of their referendum and are hoping to sign very soon after it, possibly on 1 March. The Council discussed a number of important trade matters. It resolved the outstanding difficulties in the adaptation of the EC/EFTA agreements to take account of the enlargement of the Community. This will allow the Commission to resume negotiation with the EFTA countries with the hope of concluding a new agreement by 1 March. The Council also had a substantial discussion of the Community's trade problems with Japan. There was general agreement that pressure on Japan must be sustained and, though it will continue discussion at its next meeting, the Council issued a declaration at our prompting that reaffirms the stand it took last year on the need for a positive response for the Japanese. Considerable progress was made in the Council on the Community's negotiating mandate for the revision of the Multi-Fibre arrangement. This negotiation has assumed a key importance in the light of the proposed new GATT Round that is due to be launched this autumn. We have taken the lead in getting over this point and the texts agreed by the Council now clearly acknowledge it. The Council also agreed, in spite of continued foot-dragging by Greece, that





it should aim at holding the meeting of the EC/Turkey Association Council in the early autumn and that meanwhile contacts should take place with Turkey on outstanding issues.

2. The Paymaster General may refer to the informal meeting of Employment Ministers on 17-18 February, which he attended. Though there was general agreement on the need to tackle unemployment as a high priority many member states showed themselves still bound by traditional approaches to it. The Paymaster General argued strongly for improved flexibility in the labour market and deregulation as important means of creating new employment.

3. There will be a meeting of the Agriculture Council on 24-25 February.

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ROBERT ARMSTRONG

19 February 1986