



CONFIDENTIAL

PRIME MINISTER

Community Affairs

You may wish to defer the discussion of any points connected with our Budget problem until the separate agenda item "European Community Budget" is reached.

2. The Chancellor of the Exchequer might be invited to report on the non-Budget aspects of the 17th March Finance Council, which endorsed preliminary reports from the Monetary Committee and the Central Bank Governors Committee on the timing and form of a possible move to the second stage of the European Monetary System including the creation of a European Monetary Fund.

3. The Foreign and Commonwealth Secretary might similarly be invited to report on the non-Budget aspects of the 18th March Foreign Affairs Council, including the highly restricted discussion of Turkey's possible application for membership of the Community and German attempts to challenge the restraints imposed by the United Kingdom with the Commission's blessing on imports of United States synthetic textiles.

RA

(Robert Armstrong)

19th March 1980

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