

*Original filed on: -**File No: Budget: PC 19*

Ref. A082/0268

PRIME MINISTER

Cabinet: Community Affairs

You may like to inform Cabinet of the Community aspects of your talks with the Danish Prime Minister on 22 November, when you impressed upon him that no further concessions on fish could be expected from the United Kingdom and that unless a settlement was reached beforehand, this was bound to be a major item at the European Council on 3-4 December.

2. The Foreign and Commonwealth Secretary and the Secretary of State for Trade will wish to report on the Foreign Affairs Council on 22-23 November which reached agreement on a number of useful matters, including a negotiating mandate for the Commission's negotiations with third countries on voluntary restraint agreements for steel, and on the Community's position for the GATT Ministerial meeting. There were two other items of major interest to the United Kingdom. First, the Council discussed the Commission's paper on the United Kingdom budget solution for 1983 and later. Although it proved impossible in the face of French opposition to get agreement that the Council should aim to reach a decision by the March European Council, Permanent Representatives were instructed to consider the Commission's paper and to report back to the Foreign Affairs Council in January. Second, the Minister for Trade called for Commission proposals at the December Council for action on Spain's implementation of the 1970 Agreement and on the imbalance in tariffs. The Commission agreed to produce a paper on the former and to study the latter.

3. The Secretary of State for Industry will not be present, but you will know that Industry Ministers had a constructive informal meeting on 18 November to review the crisis facing the steel industry and the measures available to alleviate it. Mr Jenkin emphasised the very substantial efforts the United Kingdom had already made and the need for others to be seen to be obeying the price disciplines, the quota regime and the aids decision.

4. Although it will not require a report to Cabinet, the Budget Council on 22 November agreed by qualified majority a Presidency compromise on the margin to be allowed the European Parliament as a result of the 1982 Amending Budget which gives effect to the United Kingdom refunds. The risk that the Parliament will prevent the payment of the refunds as a charge to the 1982 budget has thus been reduced. The Presidency will now have further discussions with the Parliament's Budget Committee, but a further Budget Council in December may be necessary before the matter is settled.

5. The GATT Ministerial meeting opens in Geneva today (24 November). Tomorrow President Thorn will hold a major Press conference in London to launch the Commission's dossier on 10 years of United Kingdom membership of the Community; at the appropriate time you and other Ministers will also be commenting on the anniversary, and the United Kingdom will be producing some published material. A special Fisheries Council is being held on 29 November in a final attempt to persuade Denmark to accept the Common Fisheries Policy before the European Council.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

24 November 1982

24 NOV 1982

