

Ref. A084/1644

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary had a meeting with the French Minister for European Affairs, Monsieur Dumas, on 6 June, though he may not wish at this stage to say very much, if anything, about this in full Cabinet. The French are actively promoting their ideas on the development of the Community, as set out in Monsieur Mitterrand's speech to the European Parliament on 24 May, no doubt with a view to making them the centrepieces of the Fontainebleau European Council on 25-26 June. These ideas do not go much beyond existing positions but have been presented in a way which has been well received in the Community, particularly in Germany. The United Kingdom will be setting out its own views in the paper which you expect to give to Herr Kohl and other Community Heads of Government in the next few days. On the specific question of the reform of the Community's financing and the United Kingdom refunds other member states, currently preoccupied with the European Parliamentary elections, are viewing the issue with indifference and the prospect of further concessions with hostility. The meeting with Monsieur Dumas and other recent meetings suggest that Monsieur Mitterrand would still like to resolve during the French Presidency the problems still outstanding from the March meeting of the European Council in Brussels, so that the Fontainebleau meeting can be seen as a success and as in some sense the occasion which "relaunches" the Community. The French Presidency may therefore be prepared to sponsor an acceptable compromise on the budgetary problem in the period immediately before the European Council.

2. The Foreign and Commonwealth Secretary may also comment on the European Community Heads of Mission Conference on 5 June at which our Ambassadors in the Community discussed the attitude of other member states to the Fontainebleau European Council and the correction of the budget inequity.

3. The Chancellor of the Exchequer may report on the Finance Council on 4 June. On budget discipline, the options for implementing the financial guidelines will include, as the United Kingdom wanted, the possibility both of Treaty amendment and of inclusion in regulations. There was considerable opposition, in which we joined, to the idea of a reserve to allow for extra agricultural expenditure. The detailed working out of the arrangements on budget discipline depends on a successful conclusion on the correction of the budget inequity. The Council agreed in principle to increase the ceiling for Community loans from 6 to 8 billion ecu. The United Kingdom alone resisted a proposal for innovation loans because we did not consider that this was the best way to deal with this issue. The proposal has now been abandoned.

4. The Minister of Agriculture, Fisheries and Food may report on the Fisheries Council on 24 May at which the United Kingdom was represented by the Minister of State (Mr MacGregor). This agreed to extend provisional quotas for North Sea herring in the Community's waters to 155,000 tonnes this year. In the interests of conservation the Council also decided to postpone a change in the permitted mesh size of fishing nets in the North Sea until 1 January 1987.

5. There have been a number of other meetings since Cabinet last met but none appears to merit a separate report: the informal meeting of Foreign Ministers on 25-27 May was largely devoted to matters of political co-operation; the informal meeting of Agriculture Ministers on 28-30 May discussed the reform of the wine regime; and the Education Council on 4 June, the Consumer Affairs Council and the Development Council both on 5 June dealt with routine business.

6. The Labour and Social Affairs Council meets on 7 June, when the proposed recommendation on working time will be on the agenda.

RTA

ROBERT ARMSTRONG

6 June 1984