



Ref. A084/2764

PRIME MINISTER

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Cabinet: Community Affairs

You may wish to mention to Cabinet your meeting with Monsieur Delors, President-designate of the Commission, on 15 October.

2. The Foreign and Commonwealth Secretary will report that the European Parliament voted by a substantial majority during its session on 8-12 October to release the United Kingdom's 1983 refund (750 million ecu or about £440 million net). The money will be received in the United Kingdom very shortly (we shall, of course, receive the gross amount, and we expect that about £530 million will be paid before the end of this month and about a further £60 million in November/December). The obligation is now on all member states, as decided at Fontainebleau, to complete the discussion of the revised Decision on Own Resources (on which, in substance, there is only a German difficulty on bringing in some new resources during 1985) and to implement the measures necessary to guarantee the principles of budgetary discipline also agreed at Fontainebleau. Although there will be discussion of budget discipline at the Foreign Affairs Council on 22-23 October, we consider that any further discussion of the implementing text which has been substantially agreed should take place in the Finance Council; we are urging that this be brought forward to 29 October, so that the Chancellor will be able to attend. On the 1984 draft supplementary budget and the 1985 draft budget there may still be difficulties between the European Parliament and the Council but the United Kingdom is unlikely to be adversely affected by such disagreements or delay.





3. The Foreign and Commonwealth Secretary will report on the Fifth Ministerial Negotiating Conference on Lome Convention III on 9-12 October, at which the Minister for Overseas Development represented the United Kingdom. The Council decided that the Community should set the level of the European Development Fund to accompany the 5-year Convention at 7 billion ecu. This figure was acceptable to the United Kingdom. It was considerably lower than the Commission's original proposal or the Irish Presidency's compromise and was only arrived at after long and difficult discussions within the Community. Its impact was, however, substantially weakened by inept presentation from the Presidency to the effect that it did not cover the French overseas territories and by a last minute statement by the French that 7 billion ecus was insufficient. There are only minor differences between the community and the African, Caribbean and Pacific (ACP) countries on non-financial points and there will be considerable pressure on ACP countries to settle the size of the European Development Fund at the agreed level before the planned signature of the Convention on 7 December.

4. In the absence in hospital of the Secretary of State for Trade and Industry, there will be no formal report on the Internal Market Council on 9 October, when the Minister of Trade represented the United Kingdom, or the Industry Council on 15 October, when the United Kingdom was represented by our Deputy Permanent Representative. Both, however, made some useful advances. The Internal Market Council made further progress towards agreement on the single administrative document. We have indicated in "Europe - the Future" that we attach importance to this. The Germans made a statement about their recent measures to control vehicle emissions, which aroused concern from other member states about the implication of such unilateral measures for the internal market. The Industry Council reached agreement on recommendations intended to encourage technical harmonisation and to open up public procurement in the field of telecommunications. The United Kingdom made a statement for the minutes to reflect the fact that,





after privatisation, United Kingdom operators will not be subject to formal Government direction. The Council also agreed on the extension of part 1 of the multi-annual programme on data processing. There seem likely to be difficult discussions on aids for the steel and shipbuilding industries at the next Council on 20 November.

5. The Foreign Affairs Council and the Agriculture Council meet on 22-23 October. The principal business of the Foreign Affairs Council will be the attempt to complete the Community's negotiating position on the enlargement of the Community. There is some chance that this will be achieved.

RTA

ROBERT ARMSTRONG

17 October 1984