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PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report on his agreement with the Spanish Foreign Minister in the margins of the Foreign Affairs Council on 26-28 November on the reopening of the frontier between Spain and Gibraltar by 15 February 1985. This will implement the Lisbon Declaration of 10 April 1980. It will re-establish free movement of people and goods between both countries and remove restrictions on the use of Gibraltar's air space. Negotiations will be held to overcome all the remaining differences, and it is accepted by both sides that the issues of sovereignty will be included in the discussions. The agreement records the United Kingdom Government's intention to maintain fully its commitment to honour the wishes of the people of Gibraltar.

2. The Foreign and Commonwealth Secretary will also report that the Foreign Affairs Council itself concentrated on enlargement. After bilateral discussions with the French Minister for European Affairs, agreement was reached on a mandate for negotiations with Spain on tariff transition, including high industrial tariffs and the reduced duty quota on cars (doubling the United Kingdom export figure in the first year) which fully met our requirements, in return for our acquiescence in the French request for some surveillance over Spanish fruit and vegetables. On wine, although the Italians gave ground on the reform of the internal wine regime - setting a production level above which low-priced compulsory distillation will apply - which is a necessary preliminary to the unblocking of this question in the enlargement negotiations, it proved impossible to make sufficient progress to resolve the impasse. Discussion is continuing in the Foreign Affairs Council today but it is very likely that the question will be submitted to the European Council on 3-4 December.



3. The Foreign and Commonwealth Secretary may also report on the Foreign Affairs Council's discussion on the preparation for the European Council and, in the light of the European Parliament's reaction, on budgetary discipline. On the interim report of the Dooge Committee other member states, responding in part to United Kingdom arguments, do now seem more conscious of the need to avoid taking premature decisions. On budgetary discipline the Council is unanimous in standing firm on the text on all substantive points, including the strict financial guideline for agricultural expenditure. The Danish Government would not agree to any reference to hearing the views of the European Parliament before the reference framework is set but may not pursue this point today.

4. In the absence of the Secretary of State for Trade and Industry there will be no formal report on the Industry Council on 22 November, at which the United Kingdom was represented by the Minister of State, Department of Trade and Industry (Mr Lamont). This mandated the Commission to negotiate a two-year arrangement with the United States for exports of Community steel pipes and tubes on the basis of a Community share of 7.6 per cent of the United States market. The United Kingdom secured an increase in our share to 0.45 per cent. At the Foreign Affairs Council on 26-27 November it was reported that the United States had rejected the Community's offer and intended to limit its imports immediately to 5.9 per cent of the market. In the light of this, the Community will now denounce the 1982 Community/United States agreement.

5. There was a meeting of Culture Ministers on 22 November.

6. You are meeting President Mitterrand in Paris on 29-30 November and attending the European Council in Dublin on 3-4 December. The Budget Council meets on 29 November, when it is expected to reject the European Parliament's proposal to increase the 1985 draft budget above the available revenue. The Ministers of Health meet on 29 November and the Fish Council on 3-4 December.

28 November 1984

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ROBERT ARMSTRONG