



Ref. A084/3253

PRIME MINISTER

Cabinet: Community Affairs

You may wish to tell Cabinet that your talks with President Mitterrand on 29-30 November showed a good deal of common ground on Community affairs. It seems that, as France moves into the position of a net contributor, there is a more favourable development of French views on budget discipline and against some extravagant spending proposals.

2. You will also wish to inform Cabinet of the outcome of the European Council on 3-4 December. United Kingdom objectives (agreement on budget discipline; agreement on the Community's position on fish in the enlargement negotiations in line with United Kingdom views; no prejudging of the Dooge Committee's final report) were achieved. The problems were mainly Greek. Nonetheless the European Council did

clear the way for completing the negotiations with Spain and Portugal by taking Community decisions on wine and fish, On other issues, including industrial tariffs, there is already an acceptable Community position. Mr Papandreou threatens to block enlargement if the Greek bid for a large identifiable allocation of funds for an integrated Mediterranean programme is not met, but other member states will not meet his exaggerated demands;

have a good discussion on the Community's economic situation and the way to create more jobs (internal market, job mobility, encouraging enterprise);

decide on a bigger programme (1.2 million tonnes of grain) for famine relief in Africa, including Ethiopia, in 1985.





3. The Chancellor of the Exchequer may refer to the Budget Council on 29 November, when the United Kingdom was represented by the Economic Secretary. This rejected the European Parliament's amendments to the 1985 draft budget which would have illegally increased the budget beyond the 1 per cent VAT ceiling and transferred our 1984 rebate to the expenditure side, in contravention of the Fontainebleau agreement. Small presentational changes were made as a gesture towards the European Parliament. There will be further discussions with them in the week beginning 10 December. The most likely result is that the European Parliament will reject the 1985 budget.

4. The Minister of Agriculture, Fisheries and Food may report on the Fisheries Council on 4 December, which had an initial discussion of the Commission's proposals for 1985 support prices and total allowable catches and quotas.

5. There was a meeting of Health Ministers on 29 November at which the United Kingdom was represented by the Minister for Health (Mr Clarke).

6. The Environment Council meets on 6 December and the Finance Council on 10 December. The Agriculture Council is meeting on 10-11 December and the Transport Council on 11-12 December. The Third Lome Covention will be signed on 7-8 December, with the Minister for Overseas Development (Mr Raison) attending on behalf of the United Kingdom.

A handwritten signature in black ink, appearing to read 'RA' with a stylized flourish.

ROBERT ARMSTRONG

5 December 1984