



Ref. A085/688

PRIME MINISTER

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Cabinet: Community Affairs

A You may wish to refer to the Community aspects of your talks with the Belgian Prime Minister on 2 March (a record has been circulated to the Ministers mainly concerned).

2. The Foreign and Commonwealth Secretary will report on the special Foreign Affairs Council on 28 February, which had been called to try to make progress on the remaining points (principally, fish and agriculture) in the enlargement negotiations. A blanket of fog over Brussels prevented the arrival of several key Ministers, including the Foreign and Commonwealth Secretary (the United Kingdom being represented by Sir Michael Butler). The Italian Presidency tabled an outline proposal on fish, which was intended to move nearer to the position of the five fishing nations. But the Council soon petered out. The conclusions to be drawn are first, that we are wearing down the opposition within the Community to a satisfactory solution on fish and, secondly, that the Foreign Affairs Council on 17-20 March will need to make a real effort to settle the outstanding points, so that detailed issues do not come to the European Council on 29-30 March and the Spanish do have a clear basis for their decision.

3. On the revised own resources decision and the 1985 budget, the Germans (who have been isolated throughout these discussions) tabled a proposal resulting from rather confused talks between Chancellor Köhl and President Mitterrand. This is basically the "mixed solution" which is acceptable to us (ie the revised own resources decision to provide new own resources from 1 January 1986 but the United Kingdom's 1,000 million ecu abatement in 1985





on ratification; the 1985 budget overrun to be financed by an intergovernmental agreement) but apparently links this with the prior ratification of the Treaty of Accession for Spain and Portugal. The French, however, consider that this does not override the decision to have new own resources from 1 January 1986 at the latest. Recriminations between France and Germany are rife. Belgium, Denmark and the Commission rejected the German document outright. The United Kingdom made it clear that we would not ask Parliament to approve any new own resources decision unless we received our abatement in 1985 in accordance with Fontainebleau. The budget question will also come back to the Foreign Affairs Council on 17-20 March.

4. There was an informal meeting of Transport Ministers on 5 March, attended by the Secretary of State for Transport, but this did not reach any decisions requiring report to Cabinet.

5. The Environment Council meets on 7 March, when vehicle emissions will be one of the main items for discussion. Social Affairs Ministers also meet on 7 March, the Finance Council on 11 March and the Agriculture Council on 11-12 March.

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ROBERT ARMSTRONG

6 March 1985