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PRIME MINISTER

Cabinet: Community Affairs

I should report these developments which are later than the Cabinet brief submitted yesterday -

(i) vehicle emissions. The Environment Council has reached agreement on vehicle emissions on lines satisfactory to the United Kingdom. It has been agreed that the European standards to be set for the medium cars must be capable of being met by lean burn technology;

(ii) enlargement of the Community. The Foreign Affairs Council which began last Sunday is still continuing and the negotiations with Spain and Portugal are grinding on. It is probable that all the major issues in the negotiations will be brought to a conclusion this week. I can confirm that the very satisfactory fisheries settlement, which does not provide for any Spanish access to the North Sea and no reductions in any United Kingdom quotas, is on course: we have negotiated in such a way that the French will be carrying the main burden of any adjustment. The principal problem at the moment is a dispute between Spain and Portugal about Portuguese waters. There are substantial unresolved questions in the agriculture sector, eg the tough Community proposals on fruit and vegetables, but the United Kingdom appears to be protected on all sensitive points;

(iii) own resources. The members of the Council will be so tired after the successful conclusion of the enlargement negotiations, if this is reached, that it will be

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difficult to obtain a final agreement on the text of the own resources decision. Nonetheless, we are quite confident that a breakthrough has been made, as a result of our bilateral contacts with Germany and France, and we believe that we shall get this text very shortly even if we do not get it this week.

I am sending a copy to Sir Robert Armstrong.

*Df Williamson*

D F WILLIAMSON

21 March 1985

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