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PRIME MINISTER

Cabinet: Community Affairs

← In the Foreign and Commonwealth Secretary's absence in the United States, the Minister of State, Foreign and Commonwealth Office (Mr Rifkind) will want to report on the first meeting on 8 July of the special Council set up following the Stuttgart Declaration on the future financing of the Community. This decided on the procedures and work programme designed to bring the negotiations to a conclusion at the Athens European Council in December. The result was satisfactory to the United Kingdom both in establishing practical arrangements on the lines advocated by British representatives and in avoiding any link with the United Kingdom's budget refund for 1983.

2. The Chancellor of the Exchequer will want to report on the ECOFIN Council on 11 July. The Council agreed the Commission's conclusions in the second quarterly economic review, though Germany and the United Kingdom succeeded in obtaining the deletion of a reference to possible tax cuts in countries with acceptable deficits. The United Kingdom also succeeded in qualifying a reference to automatic stabilisers by ensuring that their operation should be consistent with the needs of anti-inflation policy. The Council was, however, prevented by French opposition from endorsing the OECD Consensus on guidelines for export credit terms.

3. The Secretary of State for Energy may wish to report on the Energy Council on 12 July which agreed to continue work on all aspects of solid fuels (this package is advantageous to the United Kingdom), despite a French attempt to rule out support for production in principle. A discussion on energy strategy showed that there was no support for an energy consumption tax.

4. The Minister of Agriculture, Fisheries and Food will want to report on the Fisheries Council on 11-12 July, which once more failed to agree the 1983 quotas for North Sea herring, Denmark again invoking the Luxembourg compromise. A ban on North Sea





herring fishing accordingly entered into force at midnight on 12 July, and the United Kingdom's fishery enforcement vessels are on the alert. A special working group is to try and find a way of breaking the deadlock before a further Council meeting on 25-26 July.

5. The Secretary of State for Trade and Industry may report on his talks with Commissioner Davignon on 12 July about steel. The talks were expected to cover both United States new tariffs on a range of special steels and steel restructuring within the Community. At a meeting of officials of member states on 8 July it was agreed that the Community should express its profound dissatisfaction at the United States measures at the GATT Council on 12 July and the OECD Steel Committee on 20-21 July, and demand compensation.

6. The Foreign Affairs Council will meet on 18 July; its agenda will include the United States measures on special steels. The special Council on the future financing of the Community will have its first substantive discussion at its meeting on 19 July. On 20-21 July the Budget Council will consider the draft 1984 budget which will make provision for the United Kingdom's 1983 refund. The Agriculture Council will discuss changes in the arrangements for Mediterranean products on 18-19 July.

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