



Ref. A083/3040

PRIME MINISTER

Cabinet: Community Affairs

Unless this point has already been covered under Foreign Affairs, you may wish to tell Cabinet about the Community aspects of your talks with President Mitterrand on 20-21 October.

2. The Foreign and Commonwealth Secretary may report on the informal meeting of Foreign Ministers on 22-23 October. In addition to the customary discussion of items of political co-operation, there was some further consideration of the preparation for the December European Council. It was agreed to set aside an additional day at the end of November for an additional Special Council meeting.

3. The Chancellor of the Exchequer will report on the Finance Council on 24 October. The discussion of the economic situation confirmed that recovery was taking place in the Community, although it was slow and uneven; the maximum growth in 1983 was expected in the United Kingdom (2.5 per cent). There was some acceleration of consumption and stock building, and a slowdown in the increase of unemployment, as well as real improvements in inflation to the lowest levels since 1976. The United Kingdom called for a political commitment to the liberalisation of insurance services in the Community. This was supported by the Netherlands but Germany, with support from some other member states, favoured a more limited approach.

4. The Chancellor of the Exchequer may also refer to his discussions with the Germans in the margins of the Finance Council which have already been reported to you and which revealed that the Germans were intending to table in the post-Stuttgart negotiations their own proposal for correcting budgetary imbalances. The proposal would only partially measure the problem and would contain no link between budgetary contributions and gross domestic product. You authorised our Ambassador in Bonn to speak to





Chancellor Kohl's office with the request that the German paper should not be tabled until there had been proper prior discussions between the United Kingdom and Germany. This was successful: the Germans did not table their paper, although they outlined certain ideas orally, and there will be Anglo-German Talks on 31 October.

5. The Secretary of State for Trade and Industry may refer to the meetings on 26 October of the Research Council, at which the Parliamentary Secretary of State (Mr Trippier) is representing the United Kingdom, and the Internal Market Council, which the Minister of Trade (Mr Channon) is attending. The Research Council is discussing the Commission's proposals for Community research and development programmes in information technology (ESPRIT) and non-nuclear energy, and the future work of the Community Joint Research Centre. The Internal Market Council is discussing a number of items, including innovation and technology transfer, easing frontier controls and technical barriers to trade.

6. The Secretary of State for Trade and Industry may also report on German attempts to put pressure on the Commission in order to achieve changes in the recently agreed Community steel regime in their favour. This is a matter of major domestic political importance for the German Government and they have already threatened to bring it into the big negotiation.

7. During the next seven days the Energy Council will meet on 4 November and there may be an Industry Council on 4-5 November. The Foreign and Commonwealth Secretary is meeting the Italian Foreign Minister on 31 October and will speak at Chatham House on 4 November about Britain's approach to the post-Stuttgart negotiations.

26 October 1983

ROBERT ARMSTRONG

*approved by Sir Robert Armstrong  
and signed in his absence.  
Lindsay Wilkinson*