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PRIME MINISTERCommunity Affairs

The Foreign and Commonwealth Secretary has already reported to you by telegram on the outcome of the Foreign Affairs Council on 20th-21st September when the French prevented agreement on the implementation of the 25th May agreement on the United Kingdom's 1982 Budget refunds. He may, in Cabinet, wish to report on his talks with the French Foreign Minister on 22nd September, when he pointed out that all other member states and the Commission agreed that the United Kingdom should receive 850 million ecu net for 1982 and that the alleged overpayments should be considered in relation to future years. In the Foreign Affairs Council France had argued that part of the United Kingdom's refunds should be deducted from the restitution of the alleged overpayments; but in his discussion with the Foreign and Commonwealth Secretary the French Foreign Minister failed to make this point and suggested instead that their difficulties were with the proposed compensation for Germany.

2. The Minister of Agriculture, Fisheries and Food may wish to report on the outcome of the Agriculture Council on 20th-21st September when the French pressed him to introduce a new regime for poultry imports by 30th September so that French exporters could take advantage of the Christmas turkey trade. Mr. Walker made it clear that the United Kingdom was acting speedily to comply with the European Court's judgment on Newcastle disease and had put proposals to the Commission and other member states which, while allowing poultry imports to resume, would protect the United Kingdom flock. The United Kingdom protested at the French blocking British lamb exports by delays for hormone tests. The Commission promised action. French and Irish opposition prevented agreement on New Zealand butter imports for 1983.

3. The Minister of Agriculture, Fisheries and Food may also wish to report on the talks on 21st September between his Minister of State and the new Danish Fisheries Minister, who maintained the previous Administration's uncompromising line on the Common Fisheries Policy.

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4. The Secretary of State for Industry may wish to report on the dispute with the United States over steel imports. The deadline for the introduction of the United States measures has been postponed to 15th October, and the United States Administration is still trying to persuade the United States industry to go along with the 5th August agreement with the Community. The Foreign Affairs Council on 20th-21st September reaffirmed the Community's intention to implement the agreement, thus putting the ball back in the United States Government's court. The United States is still pressing for a cut in EC exports of steel pipes and tubes, and the Council authorised Commissioner Davignon to see what the Community could do to meet this request.

5. There was an Informal Meeting of Labour and Social Affairs Ministers on 27th-28th September, but the Secretary of State for Employment is unlikely to wish to say anything about it in Cabinet.

6. There will be a Fisheries Council on 4th October to try and agree on the Common Fisheries Policy, though the attitude of the new Danish Government makes agreement unlikely. There is also likely to be a special Foreign Affairs Council early in the month to consider the latest developments on EC/United States steel.

Robert Armstrong

27th September 1982