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PRIME MINISTER

Cabinet: Community Affairs

Unless already covered under Foreign Affairs, you may like to inform Cabinet of the Community aspects of your talks with Chancellor Kohl on 19 October.

2. The Foreign and Commonwealth Secretary will wish to report on the outcome of the informal meeting of Foreign Ministers on 16-17 October. Monsieur Thorn was prodded into giving an account of the Commission's current thinking on the Community budget issue. He urged a rapid solution of the 1982 problem without any linkage to 1983 and beyond. The Commission might make a formal proposal in November for 1983 and 1984, perhaps renewable for 1985. They might also propose a review of the Community's financial arrangements, covering both the possible creation of new own resources and new Community policies. You discussed all these aspects with the Chancellor, the Foreign and Commonwealth Secretary and the Minister of Agriculture today.

3. The Secretary of State for Industry will wish to report on whether an agreement has finally been reached with the USA about EC steel imports. Modifications to the August agreement were drafted by COREPER on 19 October, together with a parallel exchange of letters on pipes and tubes. The German Cabinet this morning agreed to the texts subject to a number of conditions which, in the case of pipes and tubes, may cause problems with the United States industry.

4. The Minister of Agriculture, Fisheries and Food will wish to report that the Agriculture Council on 18-19 October agreed arrangements for the import of New Zealand butter in 1983. The agreed figure is 87,000 tonnes (90,000 tonnes in 1982), with a reduction in the import levy to offset any fall in income. The New Zealand Government was consulted and is content with this deal.

5. The Minister of Agriculture, Fisheries and Food may also wish to report that his meeting on fisheries with France, Germany and the Netherlands in the margins of the Agriculture Council agreed to send a joint message to the Danish

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Government stressing the need for a settlement at the next Fisheries Council on the basis of the present proposals. The meeting also discussed possible ways of proceeding at the end of the year should no agreement be reached: a regulation introducing the proposed regime for nine member states; national measures blessed by the Commission; or stopping the clock. Officials are studying these in detail.

6. The Fisheries and Foreign Affairs Councils will meet on 25-26 October and the Standing Employment Committee on 26 October. E Committee will consider on 26 October the trade problems raised by the Secretary of State for Trade at last week's Cabinet. The Anglo-German Summit will take place on 28-29 October.

ROBERT ARMSTRONG

20 October 1982

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