



Ref. A086/69

PRIME MINISTER

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Cabinet: Community Affairs

On 1 January the Dutch took over the Presidency of the enlarged Community.

2. The Foreign and Commonwealth Secretary will report on the allocation of portfolios within the European Commission following the addition of Spanish and Portuguese Commissioners. Lord Cockfield's responsibilities, particularly those concerning the internal market, are unchanged and Mr Clinton Davis has retained his two main responsibilities for environment and transport. The allocations to the Spanish and Portuguese Commissioners do not cause us problems. The senior Spanish Commissioner, Senor Marin, takes over employment and social affairs but will probably be better on employment than the German trade unionist, Herr Pfeiffer, who has responsibility now. The Portuguese Commissioner, who takes over fisheries, may reflect the traditional Portuguese disagreement with Spanish ambitions in this sector. If so, this will be to our advantage.

3. The Chancellor of the Exchequer may report on the present position on the Community's 1986 budget. On 11 December the Budget Council and representatives of the European Parliament failed to agree on the 1986 budget. On 18 December the President of the European Parliament nonetheless signed the budget. The Council then agreed by a majority vote, which we strongly supported, to launch an action in the European Court against the European Parliament for acting unlawfully. This was a speedy and satisfactory reaction. The action may carry more weight with the Court because it is being brought by the Council



as a whole. Treasury Ministers are now considering, on the basis of advice from the Law Officers, whether in parallel with the Council's action in the European Court the United Kingdom should also start an action there against the European Parliament. The advice is likely to be in favour of this course. There does not appear at present to be the basis for a case against the Commission, since the Commission has not yet undertaken any act to implement the disputed budget but, if they do so at the end of this month, we should consider whether there should be an action in the European Court against the Commission also. Treasury Ministers are also considering with the Law Officers the amount that the United Kingdom should pay in the meantime before the European Court has made its judgment. The Chancellor of the Exchequer will provide advice to you and his colleagues on these points in the next few days.

4. The Chancellor of the Exchequer may also report that the United Kingdom has received the 1000 million ecu (about £600 million) which is the last of the ad hoc rebates before the more favourable Fontainebleau mechanism (which will apply to the imbalances in 1985 and subsequent years) came into effect on 1 January 1986.

5. The Minister of Agriculture, Fisheries and Food may refer to the decision of the Council to ban the use of five hormone growth promoters in livestock production from January 1988. Mr Jopling voted against the ban. He negotiated, however, a commitment that the operation of the ban in the United Kingdom would be delayed for a further year until 1 January 1989.

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6. An informal meeting of Transport Ministers is being held on 8-9 January.

*MS*

*for*

ROBERT ARMSTRONG

8 January 1986