



Ref. A086/1379

PRIME MINISTER

Cabinet: Community Affairs

The Chancellor of the Exchequer may mention that, following the oral hearing in the European Court of Justice of the Council's case against the European Parliament on the 1986 budget on 30 April, it seems likely that the Advocate General will present his opinion around the end of May and that the Court will give judgment before it rises on 10 July. Though the Council's case was presented effectively and the United Kingdom, in company with Germany and France, was able to make a useful intervention in support, it is not possible at this stage to predict the outcome. The Chancellor of the Exchequer may possibly refer to a report published on 7 May by the Treasury and Civil Service Select Committee that is critical of the operation, in its first year, of the system of budget discipline agreed at the European Council in Fontainebleau in June 1984. In considering the Government's reply to the report it will be important to bear in mind that the Fontainebleau Agreement included not only budget discipline but also the arrangements, now being implemented, for the abatement of the United Kingdom's net contribution to the European Community budget.

2. The Secretary of State for Trade and Industry is likely to report on the meeting of the Internal Market and Consumer Affairs Councils which met on 6 May and at which the Minister for Trade, Mr Clark, and the Parliamentary Under Secretary for Corporate and Consumer Affairs, Mr Howard, represented the United Kingdom. The main topic of the International Market Council was a review of the programme of work in the Presidency rolling programme of measures to liberalize the Community's internal market. There has been some slippage in the programme





of some 100 measures which we agreed with the Dutch Presidency at the beginning of the year, partly because of the failure of the Commission to come forward with the drafts of proposals and partly because of slower progress than expected in Community discussions. Mr Clark emphasised the need for the Commission to concentrate on pushing forward work on those proposals of real relevance to the liberalisation of the internal market and committed the United Kingdom to make good progress during our Presidency. The Commission presented to the Council its proposals - which in earlier versions have already received a fair amount of publicity - on a draft directive designed to lay down minimum standards for the European content of television programmes in member states. Many member states, including the United Kingdom, are wary of this development and progress on it is likely to be slow.

3. A brief Consumer Affairs Council adopted a Commission paper designed to give a new impetus to consumer matters. The Commission also reported to this Council their proposals for the immediate implementation of temporary measures to restrict imports of food commodities, principally livestock products, from certain countries of the Eastern Bloc (Bulgaria, Hungary, Poland, Rumania, Czechoslovakia and the USSR have been proposed) until the effects of the Chernobyl disaster are clearer. As well as protecting consumers the Community measures are designed to avoid restrictions, not justified by levels of radioactivity, applied by individual member states to intra-Community trade in food products. The Commission's proposals are being discussed by the Committee of Permanent Representatives on 7 May.

4. There is a Fish Council on 12 May and a Foreign Affairs Council on 12-13 May; and the European Parliament will be in session from 12 to 16 May.

REA

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7 May 1986

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