



Ref. A086/1498

PRIME MINISTER

---

Cabinet: Community Affairs

You and the Foreign and Commonwealth Secretary may wish to refer to the conversations you had on 20 May with the President of the European Parliament, Monsieur Pflimlin.

2. The Foreign and Commonwealth Secretary may report on the meetings which he is holding on 21 May with the President and Members of the Commission in order to explain to them the United Kingdom's approach and objectives during our Presidency. In addition to a meeting with Monsieur Delors, the Foreign and Commonwealth Secretary is having three sessions with relevant groups of Commissioners on external relations; on agriculture, the structural funds and budgetary issues; and on the internal market, industry and technology. The United Kingdom's internal arrangements for handling the Presidency, including the setting up of a small Presidency Unit, are now in place.

3. The Secretary of State for Trade and Industry may refer to recent developments in the trade dispute between the European Community and the United States. On 15 May the United States announced measures against the presumed impact of Spanish and Portuguese accession on trade in oilseeds and grain into Portugal and corn and sorghum into Spain. In respect of the Portuguese trade the United States has imposed quotas on certain foods and drink items of interest to Community exporters, though United Kingdom pressure has ensured that Scotch whisky is not included. The quotas are supposed to be set above normal trade levels, but it is possible that on one or two products the quota ceilings could be reached by the end of the year. In respect of the Spanish trade the United States has taken action which could



lead to increases in duties on specified Community food exports on 1 July. This delay is designed to allow time for agreement to be reached between the Community and the United States. The Community is likely, without raising the temperature further, to set up arrangements to respond swiftly with counter-measures if and only if the United States measures begin to bite on trade.

4. The Secretary of State for Transport may report further on the European Court of Justice's judgment on cases 209-213/84 about air fares, which the Government have welcomed. This judgment confirms that, in the absence of agreement in the Council, member states have an obligation to use Article 88 of the Treaty to apply the competition rules to air transport. The Secretary of State for Transport will be announcing our arrangements shortly. This judgment gives leverage to push the Council towards ending restrictive practices in European aviation and we shall follow it up during our Presidency.

5. There will be an Agriculture Council on 26-27 May; an Energy Council on 3 June; a Social Affairs Council on 5 June; and a meeting of Health Ministers on 29 May.

A handwritten signature in black ink, consisting of the letters 'R' and 'A' in a stylized, cursive font.

ROBERT ARMSTRONG

21 May 1986