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PRIME MINISTER

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Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report on the informal meeting of Foreign Ministers on 8 June. The main topic was preparation of the agenda for the European Council: the main items will be the economic and social situation (including the United Kingdom initiative on creating the conditions for employment growth); the internal market; priorities in the light of the budgetary situation; the international dimension of agriculture, and action post-Chernobyl. The Foreign and Commonwealth Secretary may refer particularly to the internal market since he wishes to maintain pressure for the adoption of a significant proportion of the items so far unadopted in the rolling programme for 1986 - many of these are the responsibility of the Internal Market Council and of the Agriculture Council - because insufficient progress would rebound against the United Kingdom and put a question mark over the Community's ability to complete the internal market by the end of 1992.

2. The Paymaster General will report on the Social Affairs Council on 5 June. At this Council he launched our document on creating the conditions for employment growth. This was welcomed but not discussed in detail. We shall follow it up actively during our Presidency with the aim of changing the climate of discussion and of persuading the Commission to follow up some specific proposals. The Commission's previous weakness for social engineering is now seen by most member states to be overtaken as a priority by the wider problem of unemployment. It is now very probable that the proposed directive requiring member states to provide leave of absence for parents will be





quietly dropped, as will the Commission's proposals for enforcing dialogue between employers and employees (the Vredeling directive).

3. The Secretary of State for Trade and Industry may refer to the Industry Council on 9 June which the Minister of State, Department of Trade and Industry, Mr Morrison, attended. The Council discussed the new regime for state aids for shipbuilding which will replace the present regime from the end of 1986. In the very difficult circumstances of our own shipbuilding industry it is absolutely essential that this should provide no advantages for others which are not available to us. We shall need to watch this very carefully during our Presidency. The Council agreed on a directive which will remove barriers to mutual recognition and use of telecommunications terminal equipment throughout the Community. We have supported this approach. The Council also agreed a resolution on videoconferencing, a system of communication by simultaneous sight and sound which is likely to play a bigger role in Community business. The Cabinet Office has established such a link between London and Brussels for our Presidency.

4. The Secretary of State for Trade and Industry may also refer to the Research Council on 10 June at which the Minister for Industry and Information Technology, Mr Pattie, represented the United Kingdom. This Council provided the first substantial opportunity for discussion of the proposed Community Research and Development Framework Programme for 1987-91. We hope to settle this during our Presidency. We have made good ground in getting more support for particular priority to be given to programmes aimed at improving industrial competitiveness. But there is some division between the smaller member states on the one hand and France, Germany and the United Kingdom on the other over the spread of the programme and its total cost. On the



latter we made it clear, as did France and Germany, that no programme bigger than half that proposed by the Commission could be justified.

5. The Secretary of State for Education and Science may mention that at the Education Council on 9 June there was agreement on a programme, COMETT, which is designed to bring together higher education establishments and companies to improve European competitiveness in the new technologies. This is a modest but useful scheme which British industry is likely to welcome. The Council also made some progress in its discussions of a scheme for increasing the mobility of students between institutes of higher education within the Community, ERASMUS. It is likely that this will be settled during our Presidency.

6 The Minister of Agriculture, Fisheries and Food may mention the outcome of the informal meeting of Agriculture Ministers which he attended on 8 to 10 June. The main topic for discussion was the effects on the Community's agricultural policy of developments on international markets.

7. There is an Environment Council on 12 June. There is to be an Economic and Finance Council on 16 June; a Foreign Affairs Council on 16-17 June; and a Transport Council on 18-19 June.

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for

ROBERT ARMSTRONG

11 June 1986