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PRIME MINISTER

Cabinet: Community Affairs

In the course of his report on the IMF/IBRD meeting in Washington the Chancellor of the Exchequer may refer to the informal meeting of Finance Ministers at Gleneagles on 19-20 September, which he chaired and which prepared the Community position for the Washington meetings. The Chancellor of the Exchequer took the opportunity at the informal meeting to emphasise to the Greek Minister of National Economy our concerns over the subsidised export of Greek cement to the United Kingdom and the need to bring this subsidy to an end. There are signs from Athens that the Greeks are now feeling this pressure since they are frightened of the leverage we can exert over the second tranche of their Community loan later this year.

2. The Home Secretary will refer to the meeting of Interior Ministers on closer co-operation against terrorism which he chaired in London on 25 September. This was a "Trevi" meeting of the twelve member states since defence against terrorism is a matter for concerted national, not Community, action. Under the shadow of the bombings in Paris the meeting was productive and down-to-earth. It reaffirmed the Twelve's determination not to make concessions to terrorists. A number of measures to improve co-operation against terrorism were agreed, including better exchanges of information and intelligence, even closer police collaboration and the installation of up-to-date secure communications between the police forces of the Twelve. Further work is planned on such matters as extradition and expulsion procedures. The meeting was well reported and was seen as evidence of improved efficiency in counter-terrorist action in Europe and of the United Kingdom's strong leadership on these



issues. As part of our earlier Presidency planning there will be another meeting under Mr Hurd's Chairmanship in October, which will deal with action against drugs and strengthening the external frontier of the Community.

3. The Secretary of State for Trade and Industry may mention the successful launching of the GATT "Uruguay Round" at the GATT Ministerial meeting in Punta del Este. Mr Channon attended and in his Presidency role was responsible for the co-ordination of the Community negotiating position. In particular, it was the Presidency which played the main part in deciding the satisfactory formula on agriculture in the final declaration. This will enable the GATT negotiations to advance from the declaration at the Tokyo Economic Summit on the world-wide problems of trade in key agricultural products towards seeking negotiated solutions. A formula was also agreed which will allow negotiations on trade in another area of importance to us, services to be handled within the Round.

4. The Minister of Agriculture, Fisheries and Food will mention the informal meeting of Agriculture Ministers on 28-30 September in Cumbria at which he was the host. HRH The Prince of Wales took part in some of the proceedings. In preparation for this meeting the Minister had circulated his paper on the diversion of land from cereal production ("set-aside"). The reception was reasonable, although some member states are cool or mildly hostile (without producing any convincing alternative). We are satisfied with the launch. The paper will now go more formally to the Agriculture Council.

5. The Minister of Agriculture, Fisheries and Food may also refer to the Fisheries Council on 22 September. The main outcome was an agreement by qualified majority on tighter measures to conserve fish stocks in Community waters, with successive reductions in mesh size on 1 January 1987 and 1 January 1989.



6. The Secretary of State for Employment will report on the successful informal meeting of Employment Ministers in Edinburgh on 22-23 September at which he and the Paymaster General were the hosts. The meeting discussed the United Kingdom's proposals for a strategy to create employment by promoting enterprise, by developing flexible patterns and conditions of work, by improved training and by special action for the long-term unemployed. Our approach was well received by all member states and - despite earlier Commission hesitation - by Monsieur Delors, the President of the Commission, who attended especially for the discussion. Press publicity was good. We have also now largely achieved our second objective of putting to rest the frightful series of "social-engineering" proposals (eg the Vredeling directive) which had been preoccupying Community discussion for years. The gist of our proposals is to be set out in the form of a resolution to be adopted at the Social Affairs Council on 11 December which will set out a work programme for the Community. The European Council on 5-6 December will be asked to give its strong backing to this development.

7. There is to be an informal meeting of Transport Ministers on 3 October; a meeting of the Internal Market Council on 7 October; a meeting of the Economic and Finance Council on 13 October; and a meeting of the Agriculture Council on 13-14 October.

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ROBERT ARMSTRONG

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