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PRIME MINISTER

Community Affairs

You and the Foreign and Commonwealth Secretary may wish to inform the Cabinet that the recent talks with Chancellor Schmidt have led to useful exchanges of views on how to handle the budget problem, though no progress on the substance of the issues.

2. The Foreign and Commonwealth Secretary and the Lord Privy Seal might be invited to give an account of their recent discussions on the same subject with Messrs. Thorn, Genscher and Von Dohnanyi.

3. The Minister of Agriculture might be invited to report on the latest developments on sheepmeat, including the compromise proposal now being canvassed by the Commission under which the French would comply with the Court ruling in exchange for limited Community financing - from which the United Kingdom would also benefit - during a short interim period pending the negotiation of a permanent internal regime.

ROBERT ARMSTRONG

(Robert Armstrong)

27th February, 1980

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