

CONFIDENTIAL

PRIME MINISTER

Community Affairs

The Chancellor of the Exchequer might be invited to report on the 11th February Finance Council. The first reading of the Commission's paper on supplementary Budget measures for the United Kingdom was noteworthy only for a French attempt to stake out a negotiating position by arguing that our gains from North Sea oil meant that we did not even need the £350 million relief offered at Dublin. The Finance Council approved a set of guidelines intended to encourage the Agriculture Council to secure economies in CAP expenditure.

2. The Minister of Agriculture might wish to give his first assessment of the Commission's CAP price proposals for 1980-81, which were published last week. Pending detailed study, OD(E) on 7th February agreed that he should at next week's Agriculture Council maintain our opposition to price increases for surplus commodities. The Minister of Agriculture might also report on the current sheepmeat position; the Commission have now initiated a third infraction case against France, with a deadline for reply early next week.

3. The Secretary of State for Trade might be invited to say where matters now stand on the application we made last week for Commission action to restrain United States imports of three synthetic textile products. The five working days within which the Commission have to reach a decision expire on Friday, 15th February.

4. Last weekend the Lord Privy Seal attended the first Ministerial discussion of the report of the Thres Wise Men on institutional improvements. Decisions, e. g. on the size of the next Commission, are unlikely to be taken before the June European Council.

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