

Ref. A084/1901

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report on the discussion on the size of the next European Development Fund (EDF VI) among Community aid Ministers in the margins of the negotiations on 28-29 June with the African, Caribbean and Pacific countries (ACP) for a successor to the Lome Convention, at which the Minister for Overseas Development (Mr Raison) represented the United Kingdom. The United Kingdom contributes about 17.76 per cent to the European Development Fund. Most member states were prepared to accept a level of aid at least the same in real terms as the existing fund. The United Kingdom argued for an aid fund unchanged in cash terms and therefore lower in real terms (with some addition for Angola, Mozambique and Nigeria which do not draw on the present fund). Germany and Belgium were prepared to support a figure between the United Kingdom position and that of the other member states. It is probable that this question will come back to the Foreign Affairs Council for decision in September.

2. The Secretary of State for the Environment will report on the Environment Council on 28 June at which the Parliamentary Under Secretary of State (Mr Waldegrave) represented the United Kingdom. The agreements reached were useful and should be well received by public opinion. The Council reached agreement in principle to the introduction of unleaded petrol by 1989 at the latest. It also agreed on a directive on monitoring and controlling the trans-frontier shipment of dangerous waste products. A common position was also reached on a directive on air quality standards for nitrogen dioxide.

3. The Secretary of State for Trade and Industry may report on the Research Council on 29 June, at which the Parliamentary Under Secretary of State ~~for~~ Industry (Mr Butcher) represented the United Kingdom. This discussed priorities for Community research

and development. The United Kingdom and Germany pressed strongly for the prior identification of specific priorities before individual programmes could be agreed, although the Commission and other member states argued that priorities had been set by the adoption of the overall framework programme. These views will be reported to the Budget Council on 19 July, and a further Research Council this month is possible.

4. The only meeting scheduled over the next week is the Finance Council on 9 July. We expect that the Commission's proposal for the revised Own Resources Decision, implementing the Fontainebleau agreement, will come forward this week (we have been exerting strong pressure on the Commission to ensure that it is absolutely right).

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ROBERT ARMSTRONG

4 July 1984