

Stirling act

SPEAKING NOTE FOR THE PRIME MINISTER

FINANCING OF THE COMMUNITY: SHORT TERM PROBLEM OF UK BUDGET REFUND

At our March meeting we agreed that the report to this Council would contain "conclusions" concerning the so-called subsequent solution in accordance with the earlier promises made to the United Kingdom. I do not believe that it can seriously be argued that the report before us now does contain "conclusions" on this point. That is why we have to discuss it here. We are committed to including the figures for the budget refund for 1983 in the draft Community budget for 1984.

I would remind my colleagues that when I received this pledge in March the President of the Commission made quite clear that we were referring to the draft Community budget which will be established by the Budget Council in July. That is the latest date for the consequential figures to be included. It is necessary in my view for us now to agree on those figures. I believe that it is fully possible to do so, since we have the precedent of our earlier decisions relating to 1980-1982. I simply cannot defend more unfulfilled promises. Politically we can surely all defend the important initiative of launching the long term negotiation and establishing guidelines, while ^{*at the same time*} settling the 1983 problem in accordance with the previous promises and precedents.

/Because the Foreign Affairs

Because the Foreign Affairs Council has really reported no conclusions, we have put on the table our own paper. That paper covers the elements which we have to deal with in order to arrive at a 1983 budget refund figure to go into the draft 1984 budget.

Reference figure. The first element is the reference figure. This should not be a matter of dispute. We should base ourselves on the most realistic estimate. We have quoted 2000 million ecu because it was quoted by the Commission earlier. If the President of the Commission says that the figure is now 1900 million ecu I can accept that.

Basic refund. I cannot see any other realistic basis for setting the basic refund than the two-thirds figure which we agreed upon when we started this operation. The problem has not become less, but rather more, acute. It is unreasonable to ask me to accept less than the Community has agreed in the past.

Risk-sharing. I am quite prepared to see a risk-sharing arrangement both upwards and downwards and have put forward a proposal which is mid-way between the 1980 and 1981 formulas. In accepting that the risk-sharing should be upwards and downwards I am, of course, protecting other Community countries' as well as my own, position against the risk of error in the Commission estimate.

/Over-payment. The United Kingdom

Over-payment. The United Kingdom has no legal obligation at all on the so-called over-payment. Last year we accepted - and I know that some of you dispute this interpretation - a reduction in our request in order to take some account of the so-called over-payment. I am prepared to do that again and have already indicated that we would be able to agree to up to 200 million ecu. I am quite ready to seek a basis for a final settlement of the over-payment question, provided that we do arrive at a 1983 budget refund in this meeting.

Duration and method of payment. I have already indicated that we really must get on with the long term solution. The sooner, the better. *It is possible we may be able to avoid any further short term problems in 1984. If not, we should have to repeat the ad hoc arrangement which none of us like.* Let me stress that I am quite clear that when the 1983 budget refund is agreed, it should be presented to the European Parliament and to public opinion as the financing of special programmes of Community interest in the United Kingdom. The money must be provided but will be spent in this way.

The 1983 budget refund problem will not go away. It is far better that we should settle it today on the simplest possible basis consistent with what we did in 1980-82. If the Community does not fulfil the commitment which we put in our March conclusions by putting the figures into the 1984 draft budget in July, the United Kingdom will be driven

*Reaffirmation
by 1 Jan 85
(take effect
in July and
20 15 84
initial)*

Kingdom will be driven to safeguard its position.
If so driven, we shall take the action necessary to
protect our financial interest.

"General Appropriations".

To what have the (year)

Law to be collected

Money should be paid for 1884

budget

EC BUDGET PROBLEM: THE COMMUNITY'S ASSURANCES

Pledges on a Solution to Unacceptable Situations

- (a) During our accession negotiations in 1970 the Commission said that if an unacceptable situation arose for a member state a solution would be found. This was endorsed by the Six and formally transmitted to the British negotiators.
- (b) This assurance was reaffirmed by the Heads of State and Government of the Nine in the communiqué following their meeting of 9-10 December 1974 in Paris.
- (c) On 30 May 1980 the Council agreed on a specific solution to the problem for 1980, 1981 and if necessary 1982 and pledged itself to use this period to resolve the problem of Britain's budget contribution by means of structural changes. It agreed that the aim was to prevent the recurrence of unacceptable situations for any of the member states.

Pledges on Solutions for 1983 and Later

- (d) On 25 May 1982 the Foreign Ministers of the Ten undertook to take a decision before the end of November 1982 on the subsequent solution for 1983 and later.
- (e) The Council confirmed this undertaking on 26 October 1982.
- (f) After the European Parliament's rejection of the budget providing for payment of the basic refund to the United Kingdom for 1982, the Council (Finance Ministers) confirmed on 17 December 1982 that it would respect the commitments contained in the conclusions of the Foreign Ministers of 26 October 1982.
- (g) On 24 January 1983 the Foreign Affairs Council declared that its objective was a Community solution to the budgetary problems and that it hoped the necessary decisions would be taken as soon as possible. In the minutes the Council confirmed that this did not imply any modification of the 26 October 1982 conclusions on the subsequent solution.
- (h) On 21-22 March 1983 the European Council asked the Foreign Affairs Council to report its conclusions on Community financing to the June European Council. It agreed that that report should contain conclusions concerning the "subsequent solution in accordance with the undertakings of 25 May and 26 October 1982". It agreed that consequential figures for 1983 would be incorporated in the draft budget for 1984.

Soviet Union - reconnected to
deployment

Germany - construction demands
- mostly unmet
- paid

Ecological ^{professionals} forecast
Planning - new provisions
Attitude of social demands
No longer able by 2-track
option.

Deployed 50 km of Stuttgart.
State elections in April

Italy - Figures in Budget
Part. 1900

"Overpayments" 99 tr. com

To. not clear overpayment
- - - conclusion.

Italian opinion.

whether competition follows
80 81 82 or political
Italy not decided in 82
850n - each year own
introduction.

When decision should be
needed

Italian budget - July

Italian - introduction new
European Committee.

Sept - Oct - last point in
time.

In draft budget - July 83 -
then with a low letter
to European Parliament

Stuttgart, 19 June 1983

COMPENSATION TO THE UNITED KINGDOM FOR 1983

CONCLUSIONS OF THE EUROPEAN COUNCIL IN STUTTGART ON 17-19 JUNE 1983

The European Council, following the decision taken at its meeting on the 21/22 March 1983 regarding compensation to the United Kingdom for 1983, agreed on the amount of 750 million ECU ^{net} for this purpose. Consequential figures will be incorporated in the draft Community Budget for 1984.

This decision was taken in the context of the adoption of the Declaration on the future financing of the Community.
