

Mr Alexander

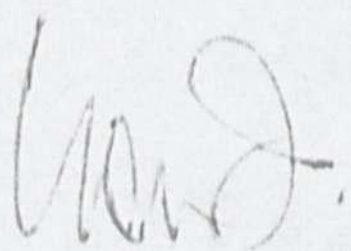
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NOTE FOR THE RECORD

MANDATE: 1980 and 1981 REFUNDS

M. Morel called me back at 4 pm (see my minute to Sir Robert Armstrong of 25th November). He said he had made rapid enquiries and had spoken to M. Beregovoy. The intervention by the French representative at the Budget Council had followed the German statement. It should be understood in the context of the decision of the French Government that the "over payment" must form part of current Mandate negotiations. I said we understood, although we certainly did not accept, that the French Government wished to bring this matter into the discussions about the arrangements which would apply from 1982 onwards. However the immediate issue related to the 30 May agreement itself. The wording used by M. Vidal appeared to call into question that agreement. There would be a serious reaction if the French attempted to block any of the procedures which were required to implement the 30 May agreement. M. Morel reiterated that this was a political position taken by the French Government: he could only assume that the French representative had felt obliged to intervene (thus clearly implying that he had not been acting on instructions). I said the German intervention at the Budget Council had been directed at the Commission's forecasting abilities. It was not in conflict with the public assurance we had had from Chancellor Schmidt that the Federal Government had no intention of asking the British Government to repay. Could I advise British Ministers that <sup>the</sup> M. Vidal's intervention should be understood as putting down a marker about/French attitude but did not constitute a block on procedures? He was inclined to accept that, but then went on to say that we should understand the French need to have their position recorded in the proces verbale of the Budget Council. In this way the French Government wanted "in every sense to have its hands free". I said the Ambassador would probably revert to the question when he saw M. Beregovoy. M. Morel said he would make some further enquiries.



M D M FRANKLIN

25th November 1981

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Sir M Butler UKREP

*(already informed by telephone)*

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