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EHG(B)(82)15
16 March 1982

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EUROPEAN COUNCIL, BRUSSELS
29/30 MARCH 1982

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1982 COMMUNITY BUDGET

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Brief by H M Treasury

Points to make (if raised)

1. Regret that there is, again, a dispute over adoption of the Budget. As Presidency we worked hard to avoid this.

2. Member states should now work for an agreed solution to the dispute with the European Parliament. UK will approach these discussions positively.

Background

3. The 1982 Community Budget, as adopted by the European Parliament on 21 December:-
 - (a) exceeded by 224 million ecus the margin for payments available to it within the maximum rate for non-obligatory expenditure, over which the Parliament has the final say;

 - (b) similarly exceeded by 179 million ecus for commitments the margin available;

 - (c) defied the Council by classifying 31 million ecus of food aid as 'non-obligatory' expenditure. The Council considers food aid to be obligatory expenditure.

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4. Most member states, including the UK, consider that the European Parliament's action in these respects was illegal.
5. The Council has agreed to try and reach agreement with the European Parliament on a solution to the dispute. The Council's line in these discussions is at present being prepared by COREPER: a preliminary meeting with the President of the European Parliament was held on 5 March.
6. The Council also agreed that, as a precaution, the matter should be referred to the European Court. A ruling by the Court would decide the legality of the European Parliament's action if it is not possible to reach an agreed solution beforehand. In the meantime member states are paying in full to the 1982 budget as adopted. In the UK, since we do not regard the disputed amounts as a Community obligation, it cannot be paid direct from the Consolidated Fund as are our other payments to the Community budget. It has therefore been necessary to seek separate authority from Parliament for the payment.

H M Treasury
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