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10 DOWNING STREET

From the Private Secretary

MR. HANCOCK

30 May Mandate: UK policy during
the next phase

As I told you before the Prime Minister's departure for Scotland on 14 May, Mrs. Thatcher agreed with the recommendations in paragraph 3 of your minute of 13 May, subject to the views of her Ministerial colleagues. The draft letter from the Foreign and Commonwealth Secretary to Monsieur Thorn and Monsieur Tindemans was subsequently revised in the light of further correspondence.

I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Minister for Agriculture, Fisheries and Food and Sir Robert Armstrong.

A. J. COLES

17 May 1982

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Qz.02572

MR COLES

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*h-a.
M/S.*

VISIT OF PRESIDENT MITTERRAND, 17 MAY: 30 MAY MANDATE

I refer to my minute of last night. We have now received the Commission's proposal. The text is contained in Luxembourg telegram No 124, copy attached.

2. As I predicted, it is not in line with the agreement for 1980 and 1981. The second sentence makes explicit that the Commission proposal is that the UK should pay a minimum net contribution of 730 million ecus. In the view of Commission lawyers the 30 May agreement provided for a minimum refund to the UK, not a minimum contribution.
3. The other significant change is that the Commission allege that their estimate of our net contribution in 1982 before adjustment is 1530 million ecus. I very much doubt whether this is a genuine estimate by Commission officials. We are surprised that Mr Tugendhat should have gone along with it. The Chancellor will be seeing Mr Tugendhat in Brussels this afternoon and will be able to explore this point with him.
4. I do not think this news requires any change in the line to take with President Mitterrand in my minute of last night other than the replacement of paragraph (iii), sub paragraph (a) by the following:-
- "a. A refund of 66% of the Commission estimate of the United Kingdom's unadjusted net contribution for 1982. We have just heard that the Commission say that their estimate is 1530 million ecus. *h* The 30 May agreement therefore requires a refund of 1010 million ecus."

D.H.

D J S HANCOCK

17 May 1982

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/Distribution:

Distribution:-

Private Secretaries to:-

Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Minister of Agriculture, Fisheries and Food
Sir Robert Armstrong

F C BUDGET

[ADVANCES]

IMMEDIATE

14.
Mr de Lamblaque ECU(1)

ECU (I)

(3)

MR BULLARD

LORD BRIDGES

MR HANNAY

RESIDENT CLERK

MR ASHFORD } TREASURY

Mr Edwards } TREASURY

MR SHORE } TREASURY

Rhodes } CABINET OFFICE

MR HORNE } CABINET OFFICE

Mr Andrews

Mr Andrews, MAFF

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DESKBY 170700Z

FM LUXEMBOURG 162130Z MAY 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 124 OF 17 MAY

INFO UKREP BRUSSELS AND OTHER EC POSTS, STRASBOURG.

FROM UKREP BRUSSELS.

PROPOSAL FOR 1982.

1. THE COMPENSATION TO THE UNITED KINGDOM FOR 1982 IS FIXED AT 800 MILLION ECU, ON THE BASIS OF A NET CONTRIBUTION ESTIMATED AT 1.530 MILLION ECU. THE NET CONTRIBUTION OF THE UK CANNOT, AFTER COMPENSATION, BE LESS THAN 730 MILLION ECU.

IF THE NET CONTRIBUTION FOR 1982 PROVES TO BE MORE THAN 1.530 MILLION ECU, THE ADDITIONAL SUM WILL BE DIVIDED IN THE FOLLOWING WAY:

- INCREASE FROM 1.530 TO 1.580 MILLION, ENTIRELY AT THE EXPENSE OF THE UNITED KINGDOM:
- INCREASE FROM 1.580 TO 1.730 MILLION : 50 PER CENT AT THE EXPENSE OF THE UNITED KINGDOM AND 50 PER CENT AT THE EXPENSE OF THE OTHER NINE MEMBER STATES:
- BEYOND 1.730, 25 PER CENT AT THE EXPENSE OF THE UNITED KINGDOM AND 75 PER CENT AT THE EXPENSE OF THE OTHER MEMBER STATES.

2. THE COMMISSION UNDERTAKES TO CONTINUE ITS EFFORTS TO ARRIVE BEFORE THE END OF 1982 AT A LONGER-TERM ARRANGEMENT. THIS ARRANGEMENT WILL TAKE ACCOUNT OF THE RELEVANT ELEMENTS RESULTING FROM THE EXPERIENCE OBTAINED OVER THREE YEARS FROM THE FUNCTIONING OF THE MAY 30 1980 MECHANISM AND, IN PARTICULAR, OF THE RESULT OF THE APPLICATION OF THIS ARRANGEMENT WITH RESPECT TO FORECASTS THAT WERE MADE INITIALLY.

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OF THE MAY 30 1980 MECHANISM AND, IN PARTICULAR, OF THE
RESULT OF THE APPLICATION OF THIS ARRANGEMENT WITH RESPECT TO
FORECASTS THAT WERE MADE INITIALLY.

THOMAS

FCO ADVANCE TO:-
FCO DE FONBLANQUE
CAB HANCOCK
MAFF ANDREWS
TSY EDWARDS

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