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EUROPEAN COUNCIL, BRUSSELS

28,29 JUNE 1982

UK BUDGET CONTRIBUTION

Brief by Foreign and Commonwealth Office

POINTS TO MAKE (If raised)

1. Not for us to discuss now. Foreign Ministers agreed to take decisions by end November on solution for 1983 and beyond. For them to take this matter forward.
2. Autumn negotiation likely to be difficult. We shall approach positively.
3. Experience of last 3 years shows that continuing series of negotiations on this issue bad for Community. Must look ahead, try to find lasting and equitable solution, which enables us to avoid repeated discussions.

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4. [If argued that problem caused by UK failure to adjust]. Massive trade re-orientation; 43% of trade now with Community instead of about 30% before accession. We apply common customs tariffs and levies scrupulously.

5. [If argued that UK wrong to link CAP prices and Budget problem]. Do not think it profitable here to go over that ground, but do not accept what you say. Link between CAP expenditure and UK problem a real one. Indeed, 30 May Mandate approach was to find longer term solution to UK problem through limiting CAP share of Budget and expanding other policies. But 1982 CAP price package, instead of reducing scale of UK problem, a move in the opposite direction.

BACKGROUND

6. This subject is unlikely to be raised directly in the Council. The other Governments are fed up with it. We have a commitment to decisions by the end of November and no need to try to force the pace in June. Ministers have yet to decide on the UK approach to the autumn negotiation.

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7. There may be a considerable dispute going on about the financing of our refunds by other Member States. We have heard that on the evening of 24/25 May Cheysson had the impression that the Germans would contribute 50% of our refunds rather than 50% of what their normal share of our refunds would be. If the Commission's proposals for financing were accepted, the French would contribute 43.5% as against the Germans' 17.2%.

FOREIGN AND COMMONWEALTH OFFICE

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