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19 DEC 1979
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Mr. Walker SH 18/12
Mr. Keelin's
J. [unclear]
7/Jan

CALL ON MR FRETWELL BY SIGNOR INCISA-DI CAMPRANA, MINISTER/
COUNSELLOR ITALIAN EMBASSY: 11 DECEMBER 1979

Signor Incisa said that he was calling on instructions to point out Italian concern about a possible clash between the Council and the Parliament over the 1980 Budget. The Parliament had made legitimate use of its powers, but their general attitude seemed likely to meet with the disapproval of some members of the Council. What were British views? Mr Fretwell said that the British Government would prefer to avoid an institutional crisis between the two parts of the budgetary authority so early in the life of the new Parliament. Sig Incisa said that the Parliament's margin of manoeuvre of 255 MEUA had been largely used up; it had been suggested (by the Commission) that another 250 MEUA might be offered in order to persuade them not to reject the budget. However, the sum of all the Parliament's amendments was over 900 MEUA: there was still a considerable gap between what the Parliament wanted and what the Council were ready to offer. The Italian Government thought that the Council should accept the Parliament's amendments. Mr Fretwell pointed out that some of the Parliament's amendments referred to policies which had not yet been agreed by the Council. It was generally recognised as a point of principle that the Parliament should not be allowed to press ahead with budgetary allocations when the policy had not yet been decided. However the British Government would be sympathetic to increases in the EDF and Social Fund. Sig Incisa asked whether there was a change in the British attitude to the Parliament since the change of Government. Mr Fretwell replied that the Government attached importance to the role of the Parliament and of its own supporters there, but did not envisage a change in the insitutional balance. No formal increase in the powers of the Parliament would be possible without a new British Parliamentary enactment. This was stipulated in the Act providing for direct elections. Furthermore while there was some inclination to be flexible in the immediate exchanges, the maximum rate should not be undermined as a method of controlling the rate of increase of the budget.

In sum, the British Government would prefer a solution to a crisis, but could not act without regard to the longer term institutional implications or the financial consequence of allowing the maximum rate to be raised by the extent required to accommodate the majority of the Parliament's amendments.

European Integration Department (Internal)

12 December 1979

- cc:
- PS/LPS Mr Jordan Moss
 Treasury
- Lord Bridges Mr Adams
- WED ROME
- Mr Franklin Mr Fitchew
- Cabinet Office UKRWF