

PRIME MINISTER

cc: Chancellor of the Exchequer
Foreign and Commonwealth Secretary
Sir Robert Armstrong

UK BUDGET REFUND

Even if the European Parliament rejects the amending Budget there are possible ways of securing the money to which we are entitled before the end of the year. But it will require the cooperation of the Commission. The essential next step therefore is for either the Chancellor or the Foreign Secretary to see M. Thorn who is in London today and impress on him the absolute necessity for the money to be in the UK before the end of the year so that the Government will be able to say that the terms of the agreement were in practice respected despite the European Parliament's action. It will also be important to agree with M. Thorn the terms in which both HMG and the Commission explain the present state of affairs to the press. A possible form of words would be that the Commission and the United Kingdom are discussing means of implementing the agreement on 1982 refunds despite the Parliament's vote or words to that effect.

I have gone to arrange briefing for the interview with Thorn and for use in the House this afternoon. (The result of the vote in Strasbourg is still not known).

1982 budget
to Thorn's account
in London.
Cost flow

Rec March
Interest
rebate - reduce and
being paid

D J S Hancock

Thorn's account -
- interest free