



FCS/86/185

CHANCELLOR OF THE EXCHEQUER

1986 Community Budget: Court Judgement and Next Step

1. Thank you for <sup>at flap</sup> sending me a copy of your minute to the Prime Minister. The Court's judgement is very satisfactory from our point of view.
2. I agree with your proposed strategy for handling the 1986 budget. If we secure agreement to a British Presidency compromise which includes provision for the increase in our abatement and substantial benefits for us in payments from the Social Fund, then we shall want to present that to the House of Commons as a success for the United Kingdom. We should be net beneficiaries from the supplementary provision in terms of payment this year.
3. We should continue the excellent preparatory work which has been done with the French and Germans, and combine with them to block unacceptable proposals. But I do not believe it would make sense to vote against the budget, provided there is full provision for the increase in our abatement.
4. I am copying this minute to the Prime Minister, Michael Jopling, David Young, Paul Channon and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

8 July 1986



EURO PA Budget PT32

