

seen by A.K.

RECORD OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND
CHANCELLOR KOHL AT 12 NOON ON SATURDAY 19 MARCH 1983

PM: Good morning Chancellor Kohl. I'm sorry to bother you when you have so much else on your mind, but I wanted to have a word with you about the European Council Meeting and the position on the Agenda of our own Budget contribution.

CK: Of course it's absolutely natural that we must talk about this.

PM: Yes. Why I'm 'phoning particularly is that I've had a meeting with President Thorn on Thursday night which left me very deeply concerned and indeed dismayed because he virtually said that no-one in Europe was prepared to discuss the formula for this year except you yourself and he seemed to be unwilling to do anything about it, except to say that the long-term arrangements must come first. That will not do because it will take a long time to agree the long-term arrangements and it's absolutely vital that he puts up a proposition simultaneously for the long-term arrangements and an interim arrangement until we agree the long-term; that we start on that at this meeting and that the Foreign Ministers settle it at the May Foreign Affairs Council so we don't have to have it again at the June meeting.

CK: As you know from my letter I have expressly put this matter on the Agenda and it is my definite intention that the matter should be discussed at our meeting in Brussels on Monday and Tuesday and I will ensure that there will be a discussion.

PM: Yes, we have to be very firm about it Chancellor Kohl and come out with some instruction to the Commission and the Foreign Affairs Council. As you know I've been very patient and very reasonable about this for there are very good and political reasons in the belief that when those political reasons were settled that we should get a reasonable settlement and quickly. To my utter amazement there is no urgency in the Commission and I'm now in the position where for the first time since 1980 we have entered a financial year without any formula for understanding about our Budget refunds. I shall be closely cross-examined in Parliament on my return from the European Council and I must be in a position to make it perfectly clear that there has been an instruction both to the Commission and Foreign

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Affairs Council to settle this matter at the May meeting, so that we don't have to have a really public row which I should hate to have at the June meeting.

CK: I've spoken to President Thorn as well and I do indeed agree that the matter should be discussed at our meeting in Brussels next week. I am in favour, as you have suggested of the matter being put to the European Commission and then on to the meeting of the Foreign Affairs Council. I agree with you the problem is not going to go away. The European Parliament has taken up its position on this matter as well.

PM: Yes. I think what has happened is that the Commission is now frightened to death of the Parliament and therefore will not do what has to be done. That means that the Commission and I are on collision course and I know we can rely on you in the Chair Chancellor Kohl for your constructive help, for which I'll be very grateful. But I felt I should warn you of the problem and that it could give rise to a very difficult meeting unless clear instructions are given to the President of the Commission.

CK: Yes, Prime Minister I am clear about your difficulties and the importance of the problem for you and for all of us. But I must mention that we have other very difficult problems at the moment as well. I am thinking particularly of our current discussions with the French about currency realignment. I repeat that the matter of the British Budget contribution is on the Agenda for the meeting next week and I envisage an effective discussion of it.

PM: Good. Well so long as we have an effective and decisive discussion of it. I know you've got other things on your mind this weekend but of course I was promised a decision on the formula for this year last November. That was after a previous year's discussion on the long-term issue. And as I say I have been patient and reasonable and I am entitled to expect a little return for that now, and I shall therefore press my point very strongly indeed on Monday because I must have a decision because otherwise we're in the position this year where we have no understanding at all about the refunds for our enormous contribution. But I think we're fortunate that Chancellor Kohl is in the Chair because I think he understands our problem and

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I look forward to the meeting so long as he understands that I shall be extremely firm at that meeting.

CK: This has always been my position and that's what I said to President Thorn. I think the next step is that we get down to business on Monday.

PM: Good. Thank you very much. I'm very grateful to have the chance of a few words with you Chancellor Kohl and I hope that the EMS negotiations go as you would wish them this weekend. Thank you.

CK: Many thanks Prime Minister. I wish you a good weekend.

PM: Thank you. Look forward to seeing you on Monday. Goodbye.