

Qz.03187

MR COLES

cc: Sir Robert Armstrong

UK BUDGET REFUNDS

The Prime Minister asked for further information about the 65.9% figure which has been quoted as the expected refund (refund expressed as a percentage of the estimated net contribution) under the 30 May 1980 agreement. The situation is as follows:-

	million ecu			
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Unadjusted net contribution as estimated at time of negotiation	1784 (£1080 m)	2140 (£1300 m)	1530 (£880 m)	1900 (£1107 m)
Refund negotiated on basis of estimate	1175 (£710 m)	1410 (£860 m)	850 (£490 m)	750 (£437 m)
Expected percentage refund	65.9%	65.9%	55.5%	39.5%
Actual unadjusted net contribution	1512	1419	2037	
Actual refund	1175 (£645 m)	1410 (£783 m)	1155 (£668 m)	
Actual refunds as percentage of unadjusted net contribution	77.7%	99.4%	56.7%	39.5% 4 year average 65.4%

2. You may also wish to draw to the Prime Minister's attention that:-

- (i) the refund for 1980 and 1981 (£1570 million, ie £710 million for 1980 and £860 million for 1981) representing the 65.9% refund originally expected was announced in the House of Commons by the then Lord Privy Seal on 2 June 1980;

/(ii)

(ii) the figure for 1982 (£490 million) is in principle a refund of 65.9% adjusted by an element of correction of the earlier "overpayment".

D F Williamson

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23 June 1983