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TRANSCRIPT OF REMARKS MADE BY THE SECRETARY OF STATE  
AT THE END OF THE FOREIGN AFFAIRS COUNCIL, BRUSSELS  
ON MONDAY, 24 MAY 1982

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EC BUDGET

Mr Pym: I am very glad to tell you that we have reached an agreement tonight for the Budget for 1982. We have secured an agreement that our refund shall be 850 million ecu - that's about 500 million pounds. We have also secured an arrangement whereby that amount will be adjusted if the amount of the contribution goes upwards. In other words if it turns out that our contribution will be more, we will be compensated to a certain percentage for it. And thirdly, we have reached an agreement to seek to negotiate a longer term arrangement for 1983 and later by November this year. It has been a long and difficult negotiation but I am pleased, I think everybody is pleased, that we have achieved this agreement, although it is limited to 1982

Q: You say you will be pleased, but will the House of Commons be pleased that you have had to make such substantial concessions on your original demands for a rebate?

A: I think it's important to look at the three years together. The basis of the arrangement we have just come to is the arrangement agreed on 30 May 1980. Initially that was lasting for two years - 1980 and 1981 - and it had within it a provision to carry on a third year if necessary. It's under the provision of that agreement that we have come to a conclusion tonight. And, as I say, you have to look at the three years together, and I think you will find that, taking those years together, the <sup>net</sup> result overall is better than we expected at that time. So I think tonight, as it's very late - 3.00 a.m. Brussels time - shall we leave it there for the moment? There will be a Debate in the House of Commons on Wednesday.

Q: Can you tell us what the mood of the talks were?

A: A desire to reach agreement

SPEAKING NOTE <sup>FOR</sup> FROM MR HURD ON ATTRIBUTABLE PRESS BRIEFING

1. Thought it useful to have a further briefing on (unattributable) words about last night's agreement on 1982 refunds for UK. The Secretary of State will be opening debate in the House of Commons tomorrow and this is essentially for background purposes.
2. We now have agreement on a third year of refunds under the 30 May Agreement. It is in quite a number of respects better than what was on offer a week ago and indeed for much of yesterday's long meeting.
3. Points on which this is a clear improvement are:-
  - (i) the basic refund increased from 800 to 850;
  - (ii) we have got away from the concept of establishing for the UK alone a minimum net contribution (which appears in the Commission proposal at Luxembourg);
  - (iii) despite resistance of other Member States, we have a clear and precise risk-sharing agreement. If, as is all too possible, the Commission's estimate of 1530 million ecu, the UK net contribution in 1982, turns out to be an under-estimate. There was much difficulty over the risk-sharing formula and we were being pressed at times to accept something very vague or indeed something where the figures would not be laid down in advance at all.
  - (iv) the commitment to reaching decisions later in the year on a longer-term solution is satisfactory and in accordance with the Foreign Secretary's request.
4. You will remember that we have always said we were prepared to be a modest net contributor. For 1982, we have in fact very nearly broken even. So the Government thought it right to consider a basic figure for 1982 which is 158 million ecu lower than the 1008

to which we would strictly have been entitled under our interpretation of the 30 May Agreement.

5. Of course in any Community negotiation over money you have to open higher than you close.

6. The problem of "overpayments" have not gone away and I fear we shall hear more of it. But our partners were bound to press this argument, given the very substantial differences between the outturn in 1982 and what was forecast at the time the 30 May Agreement was settled. We have not considered anything which prejudices <sup>the extent</sup> to extend or how this will be handled in the future negotiations.

7. This is not a one-year solution as such. As provided for in para 7 of the 30 May Agreement, it is the application of the third year under the 30 May Agreement. We always envisaged the possible need for this and which in 1980 we had to fight very hard to get and therefore does not prejudice a longer-term solution. Indeed, I expect others will wish to make that point too. It is very satisfactory that there is no ambiguity about the continuing need to reach a longer-term solution and it is on that we will <sup>be</sup> not be devoting our main efforts.

MANDATE - PRESS LINE

1. We have now all agreed to a third year of refunds under the 30 May Agreement.
2. It is for the Commission to estimate the unadjusted net contribution. We have accepted their basis of 1530 mecu. for 1982.
3. ~~On that basis, I was pressed to accept a refund of 800 mecu~~  
(that is about £ 500 million). We have achieved 850 mecu.\*
4. We were also asked in the first proposal we received to forego any risk sharing arrangements. In the event we have agreed on a satisfactory risk sharing arrangement.\*
5. This outcome is an improvement on the proposal made last weekend. It represents a common sense arrangement which gives the Community time to reflect. We have obtained a commitment to negotiate a longer term arrangement for 1983 and later by the end of November this year.

\*Pour memoire

Increase from 1530 to 1580 - all at expense of UK  
" " 1580 to 1730 - 50 per cent UK  
50 per cent Community  
Beyond 1730 - 25 per cent UK  
75 per cent Community

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1. On the basis of the Commission's estimate (\*) compensation for the United Kingdom for 1982 is fixed at 850 MEUA (net).
  2. Corrections to be made for 1980 and 1981 in the light of the actual figures will be taken into account when negotiating the multiannual solution.
  3. ( At that time adjustments to be made in the event of the 1982 base referred to in point 1 proving to be lower than the actual figure will be made in accordance with the proposals submitted by the Commission on 16 May 1982.

At the same time adjustments to be made in the event of the base referred to in point 1 proving to be higher than the actual figure will also have to be calculated.

4. The budgetary effect of the present agreement on compensation to the United Kingdom for 1982 on the Community budget for 1983 will be limited to the amount corresponding to the net compensation mentioned in 1. Possible corrections will figure in the budget for 1984.

Ministers confirm the conclusion provisionally reached by them on 14 and 15 January 1982, reading as follows:

"Compensatory payments are to be incorporated in the budget. The measures adopted will respect the principles of solidarity, which the Community intends to apply with regard to its least prosperous members, and will take appropriate account of the problem of the Federal Republic of Germany's contribution. (Compensation to the United Kingdom must have only a minor effect on the burden to be borne by Germany.)"

Ministers undertake to take a decision before the end of November 1982 on a solution for 1983 and later ~~years~~ <sup>years</sup>.

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\*) 1530 MEUA

# AMBASSADE DE FRANCE A LONDRES

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## NOTE D'ACTUALITE

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CTL/DISCOM/119/82

25 May 1982

### ANGLO-ARGENTINE CONFLICT

#### STATEMENT OF THE FRENCH PERMANENT REPRESENTATIVE AT THE SECURITY COUNCIL (23 MAY 1982)

"I already made a statement on 2 April before the Security Council regarding the initial responsibility for the hostilities, which clearly lies with the party that first used force in violation of the provisions of article 2, paragraph 4, of the United Nations Charter.

"My Government fully supported resolution 502 adopted the following day by the Security Council, whereby the Argentine armed forces must withdraw from the islands known in French as the Malouines.

"Failing such a withdrawal, the breach of the peace recorded in that resolution could only result in military confrontations.

"After the first serious military incidents, the French Government expressed concern that everything be done to halt the hostilities and separate the opposing forces. Thus, on 5 May, the French Government, without stating any conclusions on the substance of the problem between Argentina and the United Kingdom, reiterated its conviction that strict implementation of resolution 502 was imperative. It voiced the hope on that occasion that the United Nations Secretary-General might speedily indicate how a peaceful negotiation could be resumed after the fighting had stopped.

"My Government has unstintingly supported the efforts undertaken by the Secretary-General to this end. It deeply regrets the fruitlessness of these efforts so far. It wishes to state its deepest disquiet over the increasing seriousness of a conflict that has already caused many losses of human lives.

"It is also aware of the feelings this situation has aroused in Latin America, a region where France maintains close historic ties of friendship and cooperation. It knows that this emotion is growing as the conflict continues.

"France therefore considers that every effort must be urgently undertaken to stop the hostilities.

"We know that, from the efforts already made by the Secretary-General, a number of positive pointers emerged which are mentioned in the report he has presented to us. These gains should at all events be preserved.

.../.

"My Government thinks that the Secretary-General has thus shown himself to be particularly well placed to succeed. It therefore considers that the Security Council should recognize this fact and should not hold back from giving the Secretary-General the support he might need"./.