



10 DOWNING STREET

Prime Minister

before considering the letter to  
President Nitterand you may like  
to read the attached F/C.O.  
letter on his performance at  
Atlas.

A.S.C.  $\frac{3}{1}$

See now my minute of 6  
January to Sir Robert Armstrong.

A.S.C.  $\frac{6}{1}$

b-a.

3

5/10/68  
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10 DOWNING STREET

THE PRIME MINISTER

No - wrong psychology  
 1) I made the suggestion - he  
 did not give an  
 indication - he merely  
 responded  
 2) Too soon

Over the holiday period I have had a chance to reflect further on the disappointing outcome of the Athens European Council.

I am quite sure that the well-being of the European Community requires that we should resolve the Community's problems as soon as possible; the longer the delay, the worse the difficulties become. This is already evident in the regrettable action taken by the European Parliament on 20 December when they unilaterally exceeded their powers both by increasing expenditure and by interfering with the UK and Germany's 1983 refunds. The Parliament's action will certainly not help matters; indeed it adds a further complication to an already difficult situation. Geoffrey Howe and Claude Cheysson have been in close contact over how to respond and I am glad we see very much eye to eye on this.

3) We must see what happens about the £42 million

MF

As President of the European Council, you will clearly have a major role to play in preparing our next meeting in March. It seemed to me that there might be advantage in following up the suggestion you made during our breakfast

He didn't  
 I did

/meeting

meeting in Athens that I should come over to Paris for an informal meeting. I would much welcome the opportunity of a quiet talk about the major issues facing the Community. I leave it to you to suggest a date.

His Excellency Monsieur Francois Mitterrand.

COMMISSION  
OF THE  
EUROPEAN COMMUNITIES

The Vice-President

Sir,

MWF 100/12		
RECEIVED IN REGISTRY		
26 JAN 1984		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken
	M	J.T.

Brussels, 6. 1. 1984  
SG(83) D/ 124

SEPC  
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The Commission informed the United Kingdom authorities in its telex No. 71299 of 28 April 1983 of its decision to invoke the provisions of Article 10, paragraph 2 of Council Regulation No. 2891/77 of 19 December 1977 which states that, "if necessary, Member States may be invited by the Commission to bring forward by one month the entering of resources other than VAT resources on the basis of the information available to them on the 15th of the same month."

The United Kingdom did not implement this invitation to enter to the credit of the Commission's account on 20 May 1983 the resources established in April. These resources, amounting to UKL 115,089,307.99, were entered one month later on 20 June 1983.

Article 11 of Regulation 2891/77 states that:

"Any delay in making the entry in the account referred to in Article 9(1) shall give rise to the payment of interest by the Member State concerned at a rate equal to the highest rate of discount ruling in the Member States on the due date. That rate shall be increased by 0.25 of a percentage point for each month of delay. The increased rate shall be applied to the entire period of delay."

The number of days delay amounted to 31 and the highest rate of discount ruling in the Member States on the due date was 20.5 % (Bank of Greece). The calculation of the interest due is thus as follows:

$$\text{UKL } 115,089,307.99 \times \frac{31}{365} \times \frac{20.5}{100} = \underline{\underline{\text{UKL } 2,003,815.21}}$$

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The Right Hon. Sir Geoffrey HOWE, Q.C., M.P.  
Secretary of State for  
Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON SW1A 2AL

In his letter of 8 July 1983 to the Permanent Representative of the United Kingdom to the European Communities, the Director-General for Budgets requested him to arrange for the United Kingdom authorities to credit the account EEC 1 opened in the name of the Commission with H.M. Treasury with the sum of UKL 2,003,815.21 as soon as possible.

The United Kingdom authorities rejected the Commission's request in a reply from the Permanent Representative to the Director-General for Budgets on 16 September 1983.

I regret that the Commission is unable to accept the two particular arguments put forward in that letter.

In the first place, Regulation 2891/77 states in fine that "This Regulation shall be binding in its entirety and directly applicable in all Member States". The dissolution of the United Kingdom Parliament is therefore not relevant as regards its application.

In the second place, as Article 10, paragraph 1 and paragraph 2 of the Regulation are intimately related, the provisions of Article 11 are applicable to paragraph 2 as well as to paragraph 1. That being so, it cannot be left to the individual Member State to decide at its entire discretion whether and how Article 10, paragraph 2 is to be applied.

On a more general level, this position reflects the development from a Community budget based almost entirely on expenditure to one in which increasing emphasis is being given to income.

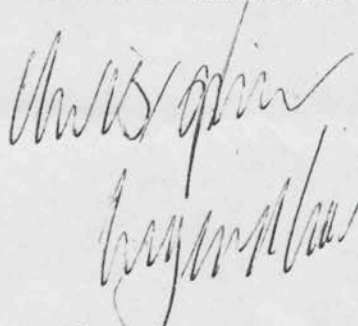
In the light of the above, the Commission would request the United Kingdom authorities to review their position and to enter the sum of UKL 2,003,815.21, representing the interest for late payment into its account EEC 1 with H.M. Treasury within two months of the receipt of this letter.

In the absence of the United Kingdom Government complying with this request, the Commission invites it in accordance with the provisions of Article 169 of the EEC Treaty to submit its observations within the same period of time.

The Commission also reserves the right to deliver the reasoned opinion provided for in Article 169 of the EEC Treaty after having studied these observations. The Commission similarly reserves the right to deliver such an opinion if the observations do not arrive in the required time.

Yours faithfully,

For the Commission

A handwritten signature in cursive script, appearing to read 'Christopher Tugendhat', written in dark ink.

**Christopher TUGENDHAT**