

Ref. A084/538

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary may report on two points relating to the United Kingdom's 1983 refunds. First, we are informed that the Commission has decided to propose to the European Parliament a transfer of the budget provision from the reserve chapter to budget lines. If so, this will increase our chance of receiving the bulk of these refunds by the end of March. It will put the ball back in the European Parliament's court and demonstrate that for the present the Commission and the member states are standing by the Stuttgart agreement. Secondly, the European Parliament decided on 13 February to request some amendments to the regulations implementing these refunds. The amendments would require refunds to be spent only on projects started in the last year and would reduce the proportion of costs of individual projects which can be paid, thus reducing our chances of obtaining the full refunds. We shall be asking the Council to reject any changes which would prevent us obtaining the full agreed refund of 750 million ecu net.

2. There was an informal meeting of Energy Ministers on 14 February at which the Minister of State, Department of Energy, Mr Buchanan-Smith, represented the United Kingdom. There was a further attempt to make progress on the related issues of coking coal, energy demonstration projects, social measures and investment aid for economic coal production, but no decisions were reached requiring a report to Cabinet.

3. There was a Ministerial meeting on 9-10 February as part of the negotiations for the third Lomé convention, at which the Minister for Overseas Development represented the United Kingdom.

4. The Vice-President of the Commission, Monsieur Davignon, had discussions with the Foreign and Commonwealth Secretary, the Secretaries of State for Trade and Industry and for Energy and yourself on 13 February.

CONFIDENTIAL

5. Over the next seven days there will be an informal meeting of Foreign Ministers on 18-19 February and a meeting of the Foreign Affairs Council on 20-21 February. These meetings are important. If no progress is made, particularly at the informal meeting, on the major elements of the post-Stuttgart package, the chances of an agreement at the March European Council will be further reduced.

REA

ROBERT ARMSTRONG

15 February 1984

CONFIDENTIAL

Mr Clements, News Dept

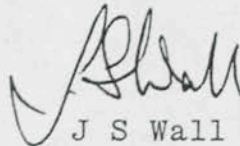
1983 REFUNDS: REGULATIONS: REUTER REPORT

1. The attached Reuter Report from Strasbourg suggests:
- (i) that the UK will call on Community Foreign Ministers to press for an emergency session of the European Parliament to give its opinion on the Refund Regulations, and;
 - (ii) that if the Parliament remains unwilling to give its opinion Foreign Ministers could approve the Regulations anyway.

Line to Take

2. We want the Parliament to give its opinion as soon as possible so that the Council can then take a decision on the Regulations. The possibility of asking the Parliament to hold a special session is one of the options which we and our partners will wish to discuss.

3. If asked about the possibility of the Council approving the Regulations in the absence of an opinion of the Parliament: Community rules provide that the Council should take a decision on the Regulations when it has received the opinion of the Parliament. This is why we want the Parliament to give its opinion quickly. We shall need to discuss this fully with our EC partners. Next opportunity will be at the Foreign Affairs Council on 20/21 February..



J S Wall
European Community Department
(Internal)

16 February 1984

cc: PS
PS/ Mr Rifkind
Sir C Tickell
Mr Hannay
Mr Houston
Mr Fairweather
Miss Marsden
Mr Durie, Cab Off
Mr Mortimer, Treasury

UKP164 EPF061

161220 :AM-COMMUNITY-BRITAIN

BRITAIN MAY SEEK EMERGENCY SESSION ON BUDGET REFUND:

STEPHEN NISBET

STRASBOURG, FEB 16, REUTER - THE BRITISH GOVERNMENT MAY PRESS FOR THE EUROPEAN PARLIAMENT TO HOLD AN EMERGENCY SESSION TO APPROVE REGULATIONS FOR PAYMENT OF BRITAIN'S 1983 COMMON MARKET BUDGET REFUND, DIPLOMATIC SOURCES SAID TODAY.

THEY SAID ADVISERS TO PRIME MINISTER MARGARET THATCHER HAD PROPOSED THAT BRITAIN CALL ON COMMUNITY FOREIGN MINISTERS TO VOTE FOR AN EMERGENCY SESSION OF PARLIAMENT WHEN THEY MEET IN BRUSSELS ON MONDAY.

COMMUNITY LAW PROVIDES FOR PARLIAMENT TO MEET IN EXTRAORDINARY SESSION AT THE REQUEST OF THE COUNCIL OF (FOREIGN) MINISTERS.

PARLIAMENT FROZE BRITAIN'S 750 MILLION EUROPEAN CURRENCY UNITS (640 MILLION DOLLARS) BUDGET REFUND IN DECEMBER FOR AT LEAST THREE MONTHS, PENDING A LONG-TERM SETTLEMENT OF THE PROBLEM OF LONDON'S EXCESSIVE CONTRIBUTIONS.

BUT BRITAIN'S CHANCES OF GETTING THE MONEY BY THE MARCH 31 DEADLINE SET BY THATCHER SUFFERED A NEW SETBACK YESTERDAY WHEN PARLIAMENT'S BUDGET COMMITTEE POSTPONED FOR A WEEK ITS CONSIDERATION OF REGULATIONS ON HOW THE MONEY WOULD BE PAID.

MORE SN/BCH/DM

UKP164 EPF061

161224 :AM-COMMUNITY-BRITAIN =2 STRASBOURG:

DIPLOMATIC SOURCES SAID BRITAIN MIGHT DEMAND THAT THE SPECIAL PARLIAMENTARY SESSION BE HELD IN TIME FOR THE FOREIGN MINISTERS TO COMPLETE THE REGULATIONS AT A SCHEDULED MEETING ON MARCH 12-13.

THEY SAID THATCHER'S ADVISERS BELIEVED THAT IF THE PARLIAMENT HAD NOT DELIVERED ITS OPINION BY THEN, THE FOREIGN MINISTERS COULD COMPLETE THE REGULATIONS ANYWAY ON THE GROUNDS THAT THEY HAD DONE EVERYTHING POSSIBLE TO OBTAIN PARLIAMENTARY APPROVAL.

BUT PARLIAMENTARY SOURCES SAID SUCH AN APPROACH WOULD BE SEEN AS AN ASSAULT ON THE PARLIAMENT'S RIGHTS AND WOULD BE SURE TO STIFFEN RESISTANCE IN THE ASSEMBLY OVER THE BUDGET REBATE QUESTION.

THEY SAID THERE WAS STILL SCOPE FOR COMPROMISE BETWEEN THE PARLIAMENT AND THE COMMUNITY'S EXECUTIVE COMMISSION ON THE CONDITIONS NECESSARY BEFORE THE REBATE COULD BE DRAWN.

THE PARLIAMENTARY SOURCES SAID THAT IN ANY CASE THE ASSEMBLY WAS UNLIKELY TO BEND ON ITS BASIC CONTENTION THAT A FUNDAMENTAL SOLUTION MUST BE FOUND TO BRITAIN'S BUDGET PROBLEM BEFORE THE 1983 REBATE IS RELEASED.

REUTER SN/BCH/DM

CV
ECPG(84)5
14 February 1984

File
COPY NO

10

HER MAJESTY'S TREASURY
EUROPEAN COMMUNITY PROJECTS GROUP

—————
Supplementary Measures Commission Report
to the Council and Parliament
—————

A copy of the report is circulated for information. This is the final report on supplementary measures.

HM TREASURY

JO WILKINSON

SIXTH COMMISSION REPORT TO THE COUNCIL AND PARLIAMENT

on the implementation of Council Regulation (EEC)
No 2744/80 of 27 October 1980 establishing supplementary
measures in favour of the United Kingdom (1)

INTRODUCTION

1. The previous half-yearly reports on the implementation of the Regulation establishing supplementary measures in favour of the United Kingdom (2) covered the period from the entry into force of that Regulation on 1 November 1980 to 30 June 1983. This sixth report covers the period from 1 July 1983 to 31 December 1983.

VERIFICATION OF THE IMPLEMENTATION OF THE SPECIAL PROGRAMMES

2. In November 1983 Commission staff carried out a further inspection to verify that the special programmes and sub-programmes were being implemented in accordance with the Regulation and the Decisions pursuant thereto. The inspection covered the telecommunications sub-programme; the Commission's staff carried out document checks and on-site inspections in London and more especially in Scotland to ensure that the Community's financial contributions have been used correctly.

n/a

-
- (1) Regulation (EEC) No 2744/80 of 27 November 1980 (OJ L 284, 29.10.1980, p. 4), as amended by Regulation (EEC) No 624/83 of 15 March 1983 (OJ L 73, 19.3.1983, p. 6.
 - (2) SEC(81)1140 of 15 July 1981, doc. COM(82)137 final of 23 March 1982, doc. COM(82)460 final of 20 July 1982, doc. COM(83)100 final of 1 March 1983 and doc. COM(83)415 final of 7 July 1983.

3. In all, ten inspections have now been carried out covering the United Kingdom's public expenditure in the three financial years from 1980/81 to 1982/83 on all eight special regional programmes and all the investment categories financed. It is clear from these inspections that all the special programmes have been correctly executed.

OFFICIAL STATEMENT THAT THE AMOUNTS PAID HAVE BEEN EXHAUSTED

4. On 26 May 1983 the United Kingdom Government certified that the assistance granted under the Commission Decisions of 23 March 1983 had been exhausted, and this was confirmed in its annual report submitted in October.

ANNUAL REPORT FROM THE UNITED KINGDOM

5. As in previous years, this report on the implementation of the special programmes contains information on the progress of the investment projects planned under sub-programmes in the various regions. It also explains the difference between the expenditure originally estimated and that actually incurred. In the 1982/83 reporting year, there were only slight deviations from the programme estimates, which were exceeded by a total of some 2%.
6. Together with its own inspections, the rapport enabled the Commission to obtain an accurate picture of the implementation of the special programmes and sub-programmes. Any marked differences in individual cases between estimated expenditure and that actually incurred were taken into account when the December 1983 Decision was drawn up (see point 10).

PAYMENT OF THE BALANCE OF 10% IN RESPECT OF THE DECISIONS TAKEN IN MARCH 1983

7. After receipt and scrutiny of the official statement that payments had been exhausted, 36.1 million ECU of the outstanding balance of 10% (69.2 million ECU) was paid over immediately in July. Payment of the remaining 33.1 million ECU was deferred until the results of checks still to be carried out or other additional information had been received. This amount was subsequently paid in December 1983.

n/a

BUDGET APPROPRIATIONS AVAILABLE IN 1983

8. Following the expiry of Council Regulation (EEC) No 2744/80 at the end of 1982, continuation of the supplementary measures required a new legal basis and the inclusion of the necessary resources in the Community budget (3). The Council provided the new legal basis by extending the original Regulation for one year on 15 March 1983 (4) and the sum of 692 million ECU was entered in the budget. This amount was fully committed by the Commission Decisions adopted in March (5).
9. However, this amount was increased to 887 560 760 ECU in October 1983 by the Community's amending and supplementary budget No 2 (6), making a further 195 560 760 ECU available for the supplementary measures in the 1983 financial year.

DECISION OF 8 DECEMBER 1983

10. The Commission was able to use the available appropriations for the existing multiannual special programmes. As in December of the previous year, account was also taken, in preparing the Decision, of the information which had become available concerning the expenditure actually incurred by the United Kingdom authorities (7). The Commission therefore drew up only a single Decision, which amended and extended the Decisions taken in March and brought the new commitments for seven infrastructure programmes to 195 560 760 ECU.

n/n

(3) See points 4 and 5 of the fifth report (COM)83)415 final, p. 2.

(4) See footnote 1.

(5) See point 8 of the fifth report.

(6) Final adoption of amending and supplementary budget No 2 of the European Communities for the financial year 1983, OJ L 331, 28.11.1983, p. 1.

(7) See point 6.

11. With this Decision, which was adopted on 8 December 1983 and published in the Official Journal of the European Communities (8), the total funds entered in the 1983 Community budget for the supplementary measures for 1982 were exhausted. This brought the total financial assistance granted by the Community between December 1980 and the end of 1983 to 4,129,357 million ECU.
12. Table I attached provides a chronological and regional breakdown of all the amounts committed under the 28 Commission Decisions to date. Table II gives details of the appropriations allocated to the various special programmes and sub-programmes and the rates of assistance applied.

PAYMENTS MADE

13. As the financial assistance granted under the Decision of 8 December 1983 related to expenditure incurred during the United Kingdom's financial year 1982/83 ending in March 1983, the investments financed had already been carried out at that time. The new commitments could therefore be paid immediately in full. At the same time the last remaining 10% balances were paid over, since this latest Decision effected the necessary adjustments for the individual sub-programmes (9).
14. The following recapitulation shows the payments made from 1980 to 1983 in connection with the supplementary measures:

n/n

(8) Decision No 83/654 /EEC, OJ L 375, 31.12.1983, p. 1-9.

(9) See points 7 and 10.

December 1980	:	174,150 MioECU
January 1981	:	110,430 MioECU
March 1981	:	507,978 MioECU
July 1981	:	51,199 MioECU
September 1981	:	30,550 MioECU
December 1981	:	548,276 MioECU
March 1982	:	1,456,059 MioECU
April 1982	:	15,001 MioECU
August 1982	:	130,110 MioECU
November 1982	:	8,325 MioECU
December 1982	:	209,718 MioECU
March 1983	:	622,800 MioECU
July 1983	:	36,101 MioECU
December 1983	:	228,660 MioECU
Total	:	<u>4,129,357 MioECU</u> =====

This means that the payments made corresponded to the total amount of commitments under the Decisions.

THE AD HOC COMMITTEE

15. The Committee on supplementary measures in favour of the United Kingdom held its seventh meeting on 5 December 1983. The object of this meeting was to discuss the latest annual report on the implementation of the special programmes and to express an opinion on the amending and supplementary Decision prepared by the Commission's staff. The Committee gave a favourable opinion on that Decision.

TABLE I

SUPPLEMENTARY MEASURES IN FAVOUR OF THE UNITED KINGDOM

Financial contributions allocated from December 1980 to December 1983 -

MioECU

	North	North West	South West	Yorkshire & Humberside	Scotland	Wales	Northern Ireland	Special road Investment Programme	Total
Dec. 1980	-	101,400	-	-	-	92,100	-	-	193,500
Jan. 1981	-	64,300	-	-	-	58,400	-	-	122,700
March 1981	106,490	-	28,140	144,580	159,540	-	125,670	-	564,420
Dec. 1981	39,136	77,544	13,173	75,213	73,459	56,698	40,280	181,461	556,964
March 1982	140,662	333,967	40,608	246,876	277,886	182,919	200,502	194,423	1,617,843
Dec. 1982	9,043	21,574	2,024	31,692	46,412	1,093	9,437	65,094	186,369
March 1983	74,793	144,289	27,331	115,573	125,405	95,063	109,546	-	692,000
Dec. 1983	17,759	43,031	278	26,796	38,184	34,392	35,121	-	195,561
Total	387,883	786,105	111,554	640,730	720,886	520,665	520,556	440,978	4,129,357

TABLE II
SUPPLEMENTARY MEASURES IN FAVOUR OF THE UNITED KINGDOM

Breakdown by region and sub-programme
Commitments made in: a) 1980 and 1981
b) 1982
c) 1983

Ecu/100

Sub-programme		North of England	North West of England	South West of England	Yorkshire & Humberside	Scotland	Wales	% of public expenditure	Northern Ireland	% of public expenditure (N.Irel.)	Special road invest. progr.	Total
Roads	a	30.350	48.692	-	17.199	66.955	73.484	50	46.463	60	-	232.143
	b	17.332	44.834	0.358	17.117	52.712	63.456	40	26.590	50	-	222.399
	c	10.333	28.456	11.061	14.384	43.152	57.276	30	16.149	30	-	180.811
Railways	a	17.658	30.499	6.714	35.961	44.238	12.842	50	2.097	60	-	150.009
	b	13.608	22.202	2.936	24.996	28.004	6.016	40	3.581	50	-	101.343
	c	11.216	11.632	1.039	17.344	19.213	4.050	30	1.592	40	-	66.086
Electricity	a	-	-	-	-	-	-	-	-	-	-	-
	b	38.317	112.892	4.029	90.063	129.454	29.096	25	-	-	-	403.851
	c	-	-	-	-	-	-	-	-	-	-	-
Water and Sewerage	a	36.917	43.876	9.767	41.552	-	16.533	30	19.939	40	-	168.584
	b	25.515	54.360	11.101	46.124	-	22.704	40 1)	22.650	50	-	182.454
	c	20.183	33.061	6.751	24.164	-	12.878	20	9.589	20	-	106.676
Advance factories	a	-	1.569	-	-	13.133	22.294	20	4.672	20	-	41.668
	b	-	-	-	-	-	-	-	-	-	-	-
	c	-	-	-	-	-	-	-	-	-	-	-
Land reclamation	a	-	-	-	-	6.585	-	20	0.441	20	-	7.026
	b	-	-	-	-	4.978	-	20	0.358	20	-	5.336
	c	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	a	60.701	118.608	24.832	125.081	102.088	82.045	50	59.597	60	-	572.952
	b	54.933	121.253	24.208	100.268	109.150	62.740	40	56.849	50	-	529.401
	c	50.820	114.171	8.758	86.477	101.224	55.035	40 2)	40.711	40	-	457.412
Housing	a	-	-	-	-	-	-	-	32.741	20	-	32.741
	b	-	-	-	-	-	-	-	99.911	50	-	99.911
	c	-	-	-	-	-	-	-	76.626	26.06	-	76.626
Special road investment programme	a	-	-	-	-	-	-	59.22	-	-	181.461	181.461
	b	-	-	-	-	-	-	57.5	-	-	259.517	259.517
	c	-	-	-	-	-	-	-	-	-	-	-
Total	a	145.626	243.244	41.313	219.793	232.999	207.198		165.950		181.461	1437.584
	b	149.705	355.541	42.632	278.568	324.298	184.012		209.939		259.517	1804.212
	c	92.552	187.320	27.609	142.369	163.589	129.455		144.667		-	827.561
Total a, b and c	387.883	786.105	111.554	640.730	720.886	520.665		520.556		440.978	4129.357	

1) North of England: 30 %

2) South West of England: 20%