

PP UKREP BRUSSELS

*Butt / Broucher / Cahn / Chamberlain / Powell + 11*

GRS 170

CONFIDENTIAL

FM LUXEMBOURG 191130Z MAR 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 43 OF 19 MARCH

AND SAVING TO ALL OTHER EC POSTS

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Agriculture	
Energy	
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**POST-STUTTGART NEGOTIATIONS : DURATION OF BUDGETARY IMBALANCE SOLUTION**

FOLLOWING CONFIRMS TELECON WITH UKREP 16 MARCH.

1. IN A SPEECH TO THE EUROPEAN MOVEMENT ON 16 MARCH WERNER GAVE HIS VIEWS ON THIS QUESTION AMONG OTHERS. HE TOLD ME AFTERWARDS THAT HE INTENDED TO OFFER HIS FORMULA AT THE EUROPEAN COUNCIL. THIS WAS AS FOLLOWS:-

- A) THERE WAS NO BASIS FOR LIMITING THE DURATION OF THE SOLUTION OF OUR PROBLEM TO A SPECIFIC NUMBER OF YEARS.
- B) HE COULD NOT ACCEPT A PERMANENT SOLUTION IF THIS MEANT AN ORGANIC CHANGE IN THE TREATIES.
- C) THE ANSWER MIGHT, THEREFORE, BE TO MAKE THE SOLUTION LAST FOR THE LENGTH OF TIME IT TOOK FOR CAP EXPENDITURE TO FALL TO, SAY 40% OF THE ALLOCATED BUDGET. THE FIGURE WAS ONE HE HAD CONJURED UP HIMSELF AND HAD NO SPECIFIC SIGNIFICANCE. BUT SUCH A FORMULA HAD THE VIRTURE OF CONSISTENCY WITH THE LANCASTER HOUSE IDEAS ON NON-AGRICULTURAL POLICIES AND (HE AGREED AT MY PROMPTING) WITH THE ASSURANCES GIVEN TO US WHEN WE JOINED THE COMMUNITY.

2. I TOLD WERNER THAT I THOUGHT YOU WOULD WELCOME THESE IDEAS. BUTT AFTERWARDS CONFIRMED THAT THEY WOULD INDEED BE MORE GENEROUS TO US THAN ANYTHING CURRENTLY ON THE TABLE.

FCO PSE PASS TO ALL SAVING ADDRESSEES

MAUD

NNNN