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Qz.03644

MR COLLES ✓ A. & C. 73.

PAYMENTS OF "OWN RESOURCES" TO THE COMMUNITY

If the Cabinet were to decide that we should not make the advance payment requested by the Commission and/or that we should suspend the normal monthly payments of the Community's own resources, I suggest that the presentation by the Prime Minister (if it were decided that she should refer to these points in parliamentary questions this afternoon) might be as follows -

(1) the advance payment

"The United Kingdom has no legal or other obligation to make an advance payment of funds to the Community. The supplementary estimate was laid in response to a special request from the European Commission which is having serious difficulty in financing Community expenditure. We were ready to respond in the Commission's difficult circumstances. Since, however, the United Kingdom's 1983 refunds will not now be paid out of the Community budget by 31 March, the financial situation is different. We shall not therefore be making the special advance payment to Brussels."

(2) "withholding"

"The United Kingdom has decided to hold in suspense here the amount of Community funds which is equivalent to the United Kingdom's 1983 refund of 750 million ecu net which was agreed in Stuttgart last year but has not been paid. Hon Members will recognise that in this way we are taking action which matches the decision of the European Parliament

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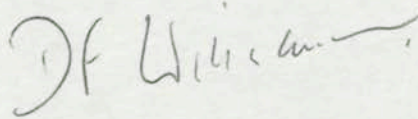
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to put the financial provision for the United Kingdom refund in the reserve chapter of the Community budget. Similarly we are doing no more than offsetting the decision of other member states to block the regulations necessary for our refund."

I am sending copies to Roger Bone (FCO), John Kerr (Treasury) and Sir Robert Armstrong.



D F WILLIAMSON

22 March 1984

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