

CONFIDENTIAL

GRS 300

CONFIDENTIAL [FRAME GENERAL/ECONOMIC]

FM UKREP BRUSSELS 280936Z MAR 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 1130 OF 28 MARCH 1984

INFO IMMEDIATE PARIS BONN

INFO PRIORITY BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN

LUXEMBOURG ATHENS

A & C. 22/3
h.a.

MIPT

BUDGETARY IMBALANCES

1. I SPOKE TO LEVER THIS MORNING (IN TUGENDHAT'S ABSENCE IN STRASBOURG) TO PUT HIM IN THE PICTURE AND TO FIND OUT WHAT WAS LIKELY TO HAPPEN IN THE COMMISSION OVER THE NEXT FEW DAYS.
2. HE SAID THAT THE COMMISSION MEETING IN STRASBOURG THIS MORNING WOULD CONCENTRATE ON AGRICULTURE. THERE WOULD BE NO FORMAL CONSIDERATION OF BUDGET IMBALANCES. IT WAS UNCLEAR HOW THINGS WOULD DEVELOP. DAVIGNON WAS CLEARLY DETERMINED TO GET HIMSELF INTO THE MIDDLE OF THE DISCUSSION AND THIS MIGHT ALTER THE WAY THE COMMISSION WOULD WORK. HE UNDERTOOK TO KEEP IN STILL CLOSER TOUCH THAN USUAL.
3. HE WAS ABLE TO AMPLIFY A LITTLE WHAT DAVIGNON SAID TO ME ABOUT THE COSTS OF ENLARGEMENT (PARA 21 OF MY TELNO 1125). DAVIGNON WAS ARGUING THAT THERE WOULD IN ANY CASE HAVE TO BE SPECIAL ARRANGEMENTS IN THE FIRST FEW YEARS AFTER ENLARGEMENT. SINCE CAP AND OTHER EXPENDITURE IN SPAIN AND PORTUGAL WOULD BE RELATIVELY LOW, THEIR GROSS CONTRIBUTIONS WOULD ALSO HAVE TO BE LOW. THEY CERTAINLY COULD NOT BE EXPECTED TO CONTRIBUTE IN 1986 TO THE UK'S 1985 REFUND. IT MIGHT HELP TO REASSURE THE FRENCH AND SOME OTHER MEMBER STATES IF THERE WERE SOME SPECIAL ARRANGEMENT FOR FINANCING ANY NET COSTS OF ENLARGEMENT IN THE VERY EARLY YEARS. LEVER ARGUED THAT THIS COULD BE IN OUR INTERESTS IF SPAIN AND PORTUGAL'S NET BENEFITS WERE TO BE LOW IN THOSE YEARS.
4. I ALSO SPOKE TO DAVIGNON'S CABINET. HE HAS TO REMAIN IN STRASBOURG FOR MOST OF TO-MORROW BECAUSE IT IS DISCUSSING REPORTS AFFECTING HIS PORTFOLIOS. I HAVE ARRANGED TO TALK TO HIM ON THE TELEPHONE LATER TODAY.

FCO ADVANCE TO:

FCO - PS: TICKELL: HANNAY: WALL

CAB - WILLIAMSON: STAPLETON: DURIE

TSY - UNWIN

BUTLER

[ADVANCED AS REQUESTED]

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ECD (1)
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