

05 7641 Ext. 3229

Communications on this subject should be addressed to THE LEGAL SECRETARY ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS, LAW OFFICERS' DEPARTMENT, ROYAL COURTS OF JUSTICE, LONDON, W.C.2.

Our Ref: 400/79/289

12 April 1984

F E R Butler Esq  
Principal Private Secretary  
Prime Minister's Office  
10 Downing Street  
LONDON S W 1

Dear Butler,

*My only*

Prime Minister.

*I have asked the F.C.O. to sit together with the Attorney-General and produce an agreed view. A.S.C. 13/4.*

CABINET 29 MARCH 1984 : ITEM 3 : COMMUNITY BUDGET AND UNITED KINGDOM REFUNDS

*in Pt 23.*

The Attorney General has seen a copy of the Conclusions of the Cabinet meeting held on 29 March. On page 5 in Minute 3 under the heading "Community Budget and the United Kingdom Refunds", it is reported that it was the understanding of a Minister that the strong moral arguments for the refund to be paid by 31 March would be reinforced by a legal obligation if the refund were not paid by 31 December.

The Attorney General appreciates that the Cabinet Minutes can of course provide only a summary of the arguments advanced at a meeting and acknowledges that he may have misunderstood the purport of the proposition that was advanced. He has asked me, however, to record the fact that he has not advised that a legal obligation arises on 31 December, notwithstanding the absence of Council regulations and budgetary appropriation. Before that proposition could be advanced with any confidence there would need to be a further study of several issues, including in particular, whether the Stuttgart "Declaration" amounts to a binding agreement in international law and, if so, precisely what rights and obligations it creates.

I am copying this letter to the Private Secretaries to the Lord Chancellor, Foreign and Commonwealth Secretary, Chancellor of the Exchequer and Sir Robert Armstrong.

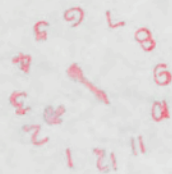
*I specifically mention the PCS about this and he said he had enquired and that there was a legal obligation after 31/12/84.*

*James Stacey,  
Saunders.*

M L SAUNDERS



Ewo - Pol : Budget A724.



13 APR 1984



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AJC SW ccjk (2)



Prime Minister

Foreign and Commonwealth Office

A preliminary view on the legal position.

London SW1A 2AH

2 May, 1984

A.S.C. 2/5

John [unclear]

[Handwritten signature]

Community Budget and United Kingdom Refunds

Thank you for your letter of 16 April asking for further advice about the nature of the Community's obligation to pay us our refunds by 31 December.

Our Legal Advisers have consulted the Law Officers' Department and Treasury Solicitors. Their joint view is that it is highly uncertain that the Stuttgart conclusions on UK refunds can be regarded as a binding agreement in Community or international law and that, while we might be able to bring a case before the Court, our prospects of success would be slight.

Our refunds were agreed by Heads of Government. Our entitlement to them is not disputed by Member States, even those who are making their agreement to the necessary regulations dependent on the outcome of the post-Stuttgart negotiations. It is therefore clear that we shall get the refund once agreement in the negotiations is reached. It is not clear that we should be able to rely on the strength of our legal case should such an agreement not be reached.

On the basis of the work already done, Sir Geoffrey Howe is now asking the Law Officers for their formal advice so that Ministers will have an authoritative view on the legal position.

I am copying this letter to the recipients of yours and to the Private Secretary to the Lord Advocate.

Yours  
[Handwritten signature]

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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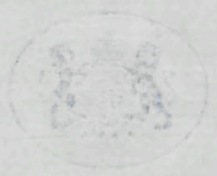
Euro-R1: Budget A 24

Foreign and Commonwealth Office

London SW1A 1AA



27 MAY 1984





FUE

cc: FC

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10 DOWNING STREET

*From the Private Secretary*

16 April, 1984

COMMUNITY BUDGET AND UNITED KINGDOM REFUNDS

The Prime Minister has seen Michael Saunders letter of 12 April to Robin Butler.

Mrs. Thatcher recalls that at Cabinet on 29 March she was advised that, if our refunds were not paid by 31 December, a legal obligation to pay them would then be incurred by the Community.

Since the Attorney General is not, at any rate at present, in agreement with that proposition, the Prime Minister hopes that the departments concerned will consider the matter urgently and let her have further advice.

I am sending a copy of this letter to Michael Saunders (Attorney General's Office), David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

BFA

A. J. COLES

R. Bone, Esq.,  
Foreign and Commonwealth Office.

NR



a/PC

Lord Advocate's Chambers  
Fielden House  
10 Great College Street  
London SW1P 3SL

Telephone Direct Line 01-212 .....7189  
Switchboard 01-212 7676

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4 May 1984

M Eaton Esq  
Legal Adviser  
Foreign and Commonwealth Office  
Downing Street  
London SW1

A.S.C. 8/5

p-a.

COMMUNITY BUDGET : 1983 UK REFUNDS

Michael Saunders sent me a copy of his letter of 12 April to Robin Butler, and subsequent papers including your long minute to Fairweather and Wall's minute of 27 April to you with papers annexed. (I have also received through the PS network Bone's letter to Coles of 2nd May.)

The Lord Advocate has of course a continuing interest in this matter and attended the Cabinet meeting on 22 March at which the advice which the Attorney General and he had previously given was under discussion. (He was unfortunately not able to attend the Cabinet on 29 March). Since it appears that the Foreign and Commonwealth Secretary will again be seeking Law Officers advice on this matter, I shall be obliged if you will have any other papers copied to us so that we may brief the Lord Advocate.

Copied to Butler and Saunders.

D J S DUNCAN

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Enlo Per  
Budget Pt 24

8 MAY 1984

