



Treasury Chambers, Parliament Street, SW1P 3AG  
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3 July 1984

C D Powell Esq  
10 Downing Street

*all*  
Prime Minister  
Agree that Economic Secretary should take the line at X?

C.D.P. 3/7.

Yes no

Dear Charles

1982 RISK-SHARING REFUND: TCSC ENQUIRY

*with CP*  
I wrote to you yesterday about the Economic Secretary's appearance before the TCSC tomorrow and the line which we consider he should take on the figures for the Fontainebleau settlement. We also need to have a line for him to take on the 1982 risk-sharing refund about which you wrote to Roger Bone on 28 June. The Chancellor agrees with the Prime Minister that we would gain nothing by pursuing the 1982 refund further.

[A]

If, as is likely, the Economic Secretary is asked about the Government's position on the outstanding £42 million tomorrow, the Chancellor thinks that it would be counter-productive for him simply to say that the matter was under review and that a decision would be announced in due course. To do so would invite further questioning and expose the Government to criticism for being dilatory or deceptive. It would also make it more difficult to claim subsequently that we had taken account of the £42 million in arriving at the Fontainebleau settlement. And it would give the issue of the £42 million too high a profile altogether.

The Chancellor suggests therefore that the Economic Secretary, if he is asked about the 1982 risk-sharing, should respond on the following lines:

"The outstanding claim for £42 million net in respect of 1982 risk-sharing was taken into account in considering the package on offer at Fontainebleau. Given the satisfactory settlement that was agreed, the Government have decided not to pursue the outstanding claim."

X



This does not make use of the point mentioned in your letter of 28 June that the agreement at Fontainebleau to measure the budgetary burden on a payments basis was worth more than the sum outstanding on the 1982 risk-sharing. The Chancellor considers that we need to be discreet in advertising this point. Until we have a final agreement on the text of the own resources decision, there remains a risk that our partners will seek to change this. Any statements here which alerted our Community partners to the financial importance for us of securing the payments basis, could only serve to encourage them (or their Parliaments) to make more difficulties for us.

The Chancellor would be grateful to know whether the Prime Minister would be content with the above line. If, however, she feels that we should not tomorrow be prepared to reveal our decision not to pursue the £42 million, the Economic Secretary would have to take the line that we were reviewing the matter in the light of the Fontainebleau settlement and that a decision would be announced in due course, and refuse to be drawn further. It would then be necessary to announce the decision separately later, when it would be likely to attract more attention.

Since the Economic Secretary is appearing before the TCSC at 10.30 tomorrow morning, it would be most helpful if you could let us know of the Prime Minister's reactions by first thing tomorrow morning.

Yours ever  
David

David

D L C PERETZ  
Principal Private Secretary

PS. I am copying this letter to Roger Bone (FCO) and David Williamson (Cabinet Office).



10 DOWNING STREET

*From the Private Secretary*

4 July, 1984.

1982 Risk-Sharing Refund: TCSC Enquiry

As I told you on the telephone, the Prime Minister has considered the line which the Economic Secretary should take in his appearance before the TCSC today on the question of the 1982 Risk-Sharing Refund. She agrees that, if pressed on this, the Economic Secretary should respond on the lines proposed by the Chancellor: that is that the outstanding claim for £42 million net in respect of 1982 risk-sharing was taken into account in considering the package on offer at Fontainebleau. Given the satisfactory settlement that was agreed, the Government have decided not to pursue the outstanding claim.

I am sending copies of this letter to Roger Bone (Foreign and Commonwealth Office) and David Williamson (Cabinet Office).

Charles Powell

D.L.C. Peretz, Esq.,  
HM Treasury.

107