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DESKBY 100800Z

FM UKREP BRUSSELS 091821Z JUL 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 2326 OF 9 JULY

INFO: DUBLIN PARIS BONN,

INFO SAVING: BRUSSELS COPENHAGEN THE HAGUE ROME LUXEMBOURG
ATHENS.

ECOFIN 9 JULY 1984.

BUDGETARY DISCIPLINE.

SUMMARY

1. COUNCIL AGREED ON A PROCEDURE FOR CARRYING FORWARD
DISCUSSIONS ABOUT THE IMPLEMENTATION OF BUDGET DISCIPLINE.
AD HOC GROUP TO CONTINUE AND TO PREPARE FOR A DISCUSSION
OF SUBSTANCE AT THE INFORMAL ECOFIN COUNCIL ON 15-16 SEPTEMBER.

DETAIL

2. MINISTERS DISCUSSED THIS SUBJECT AT LUNCH. DUKES (PRESIDENCY)
PROPOSED THAT THE AD HOC GROUP SHOULD CONTINUE. THE MATTER
WAS URGENT AND HE SUGGESTED EARLY DISCUSSIONS AT ECOFIN AND
FOREIGN AFFAIRS COUNCILS. THE PRESIDENCY WOULD AIM TO PICK
OUT ISSUES FOR THE INFORMAL ECOFIN COUNCIL IN SEPTEMBER.

3. THE CHANCELLOR AGREED THAT CONTINUATION OF THE AD HOC
GROUP WAS IMPORTANT. IT MUST WORK FAST AND REPORT IN SEPTEMBER.
HE PREFERRED TO KEEP THE SUBSTANCE IN THE ECOFIN COUNCIL RATHER
THAN THE FOREIGN AFFAIRS COUNCIL. THERE MUST BE THOROUGH WORK
ON DETAILED PROCEDURES - NOT JUST DECLARATIONS - IN ORDER TO BE
ABLE TO GUARANTEE EFFECTIVE APPLICATION OF THE EUROPEAN COUNCIL
CONCLUSIONS.

4. DELORS AGREED WITH THE IDEA OF DISCUSSION AT THE INFORMAL
ECOFIN COUNCIL. ECOFIN SHOULD PRODUCE A TEXT FOR THE DUBLIN
EUROPEAN COUNCIL. THERE WAS A NEED TO REACH A GENTLEMEN'S
AGREEMENT WITH THE PARLIAMENT THEREAFTER. TIETMEYER AGREED
ON THE IMPORTANCE OF WORKING OUT PROPER PROCEDURES. A TEXT
SHOULD BE AVAILABLE FOR THE EUROPEAN COUNCIL. UNLESS HEADS OF
GOVERNMENT ENDORSED IT THERE WOULD BE TROUBLE IN BINDING OTHER
COUNCILS. ORTOLI ALSO ARGUED FOR A TEXT FOR THE EUROPEAN
COUNCIL, BUT IT SHOULD NOT LEAVE OPEN TOO MANY ISSUES FOR
DISCUSSION.

5. THE CHANCELLOR PRESSED FOR THE AD HOC GROUP TO PRODUCE
A REPORT FOR THE SEPTEMBER ECOFIN WITH WELL WORKED OUT OPTIONS.
TREATY AMENDMENT SHOULD NOT BE EXCLUDED. THE U.K GOVERNMENT
COULD NOT JUSTIFY INCREASING OWN RESOURCES UNTIL PROCEDURES FOR
EFFECTING BUDGET DISCIPLINE HAD BEEN WORKED OUT.

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6. TUGENDHAT DREW ATTENTION TO THE RESPECTIVE ROLES OF THE COUNCIL AND PARLIAMENT. HOWEVER IT SHOULD BE POSSIBLE TO GET PARLIAMENT TO RECOGNISE THE LINK BETWEEN THE INCREASE IN OWN RESOURCES AND BUDGETARY DISCIPLINE. ERSBOLL ALSO STRESSED THE URGENCY OF THE WORK BECAUSE OF THIS LINK, ESPECIALLY IN THE U.K. WE COULD NOT WAIT UNTIL DECEMBER FOR RESULTS. THE ROLE OF THE FOREIGN AFFAIRS COUNCIL COULD BE PROCEDURAL. SINCE THE SEPTEMBER ECOFIN WOULD BE INFORMAL, FIRM DECISIONS WOULD HAVE TO WAIT FOR THE OCTOBER ECOFIN COUNCIL. ORTOLI THOUGHT THE FOREIGN AFFAIRS COUNCIL WOULD HAVE TO BE KEPT IN THE PICTURE BUT IT NEED NOT DISCUSS SUBSTANCE.

7. DUKES PRODUCED A TEXT SETTING OUT A PROCEDURE. A SMALL NUMBER OF AMENDMENTS WERE AGREED. DUKES CONCLUDED THAT THE AD HOC GROUP SHOULD WORK FLAT OUT TO PROVIDE THE BASIS FOR ECOFIN COUNCIL DISCUSSIONS IN SEPTEMBER AND OCTOBER.

8. DURING THE COUNCIL MEETING IN THE AFTERNOON THE REVISED TEXT WAS CIRCULATED AND FORMALLY APPROVED (TEXT IN M I F T). THE NEXT MEETING OF THE AD HOC GROUP WILL BE ON 17 JULY.

FCO ADVANCE TO (ALL DESKBY):-

FCO - RENWICK, FAIRWEATHER, WALL.

CAB - WILLIAMSON, LAMBERT.

MAFF- ANDREWS.

TSY - PS/CHANCELLOR, UNWIN, FITCHEW, BOSTOCK, HOPKINSON.

TSY - SOL, PRESTON.

FCO PASS SAVINGS TO: COPENHAGEN THE HAGUE ROME LUXEMBOURG
ATHENS.

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[REPEATED AS REQUESTED]

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