

## RESTRICTED

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FRAME ECONOMIC  
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TO PRIORITY FCO  
TELEGRAM NUMBER 742 OF 31 JULY  
INFO ROUTINE UKREP BRUSSELS  
INFO SAVING ATHENS EMBASSY BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG  
PARIS ROME THE HAGUE

### 1983 REFUNDS: GERMAN PRESS REACTIONS

#### SUMMARY

1. GERMAN PRESS CRITICAL OF OUR REFUSAL TO MAKE MORE FUNDS AVAILABLE IN 1984 TO FINANCE THE EC BUDGET OVERRUN, BUT REGARDS THE PARLIAMENT'S ACTION IN BLOCKING OUR REFUNDS AS REGRETTABLY PROVOCATIVE. KLEPSCH(CDU MEP) SAYS IN BONN THAT THE ACTION WAS INTENDED TO PUT PRESSURE ON THE COUNCIL AS A WHOLE TO REACH EARLY AGREEMENT ON THE 1984 BUDGET. FEDERAL CHANCELLERY ALSO INTERPRET THE RESOLUTION IN THIS LIGHT, RATHER THAN AS AN ANTI-BRITISH MOVE.

#### DETAIL

2. GERMAN PRESS COVERAGE YESTERDAY AND OVER THE WEEKEND OF THE EUROPEAN PARLIAMENT'S ACTION IN BLOCKING OUR 1983 REFUND CONSISTED MOSTLY OF LONDON-BASED REPORTS OF THE SHARP BRITISH REACTION TO THE NEWS. THE PRESS NOTED HOWEVER THAT HMG EXPECTED THE PROBLEM OF THE 1984/5 BUDGET OVERRUNS TO BE SOLVED IN THE AUTUMN, AND DID NOT INTEND TO RETALIATE IMMEDIATELY BY WITHHOLDING. MOST PAPERS CLAIMED THAT THE PARLIAMENT HAD BEEN PROVOKED BY BRITAIN'S REFUSAL TO RESPECT THE FONTAINEBLEAU AGREEMENT THAT RESOURCES WOULD BE MADE AVAILABLE TO COVER THE 1984 OVERRUN. OUR APPROACH WAS WIDELY HELD TO BE A FLY ATTEMPT TO DEFER THE FINANCING OF THE GAP UNTIL 1985, WHEN WE WOULD BE ELIGIBLE FOR A TWO-THIRDS REBATE ON IT. A DETAILED ARTICLE IN THE GENERAL ANZEIGER (BY ITS LONDON CORRESPONDENT BONHORST) WAS ALONE IN POINTING OUT THAT BRITAIN INTERPRETED THE WORDS "STEPS... TO COVER THE NEEDS OF THE 1984 BUDGET" TO MEAN STEPS IN THE DIRECTION OF SAVINGS.

3. EDITORIAL COMMENT TODAY AND YESTERDAY, WHILE SHOWING SYMPATHY FOR THE MOOD OF PARLIAMENT, MOSTLY REGARDS THE PARLIAMENT'S ACTION AS AN UNHELPEFULLY PROVOCATIVE COMPLICATION OF THE OVERRUN PROBLEM, WHICH HAS DONE NO SERVICE TO THE CAUSE OF EUROPEAN UNITY. SOME EDITORS REGRET THAT THE RESOLUTION SHOULD HAVE BEEN PASSED SO SOON AFTER THE EDG HAD, WITH THE PRIME MINISTER'S ENCOURAGEMENT, HELPED TO ELECT PFLIMLIN AND PROMISED CLOSER COOPERATION WITH THE CHRISTIAN DEMOCRATS.

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4. KLEPSCH (LEADER OF CHRISTIAN DEMOCRATS) IS REPORTED AS SAYING IN A PRESS BRIEFING IN BONN YESTERDAY THAT THE PARLIAMENT'S ACTION WAS INTENDED AS PRESSURE ON THE COUNCIL TO SOLVE THE 1984 BUDGET PROBLEM. QUOTE OUR INTERPRETATION OF THE FONTAINEBLEAU CONCLUSIONS WAS THAT THE REFUNDS WERE LINKED TO A SOLUTION OF THE PROBLEM OF THE BUDGET DEFICIT. IF THE COUNCIL REACHES AGREEMENT ON THE BUDGET IN NOVEMBER SIC, THE PARLIAMENT WILL NOT REFUSE THE BRITISH THE MONEY OWING TO THEM UNQUOTE. HE IS ALSO REPORTED TO HAVE SAID WHEN ASKED ABOUT COOPERATION WITH THE EDG THAT THE RESOLUTION WAS NOT INTENDED TO BE ANTI-BRITISH.

5. THE FEDERAL GOVERNMENT HAS NOT MADE ANY STATEMENT ON THE BLOCKING OF THE REFUND. HOWEVER, STABREIT (FEDERAL CHANCELLERY) TOLD THE MINISTER, CLEARLY IN THE HOPE THAT WE WOULD REPORT HIS REMARKS, THAT THE PARLIAMENT WAS EXTREMELY ANGRY WITH THE COUNCIL FOR NOT AGREEING THE BUDGET. THE ONLY LEVER AVAILABLE TO THEM FOR FORCING AGREEMENT WAS TO BLOCK THE 1983 REFUNDS. THIS, RATHER THAN A SPECIFICALLY ANTI-BRITISH MOVE, WAS WHAT WE HAD EXPERIENCED. THE FEDERAL CHANCELLERY HAD ADVISED LEADING CDU MEPS AGAINST SUPPORTING THE MOTION ON THE GROUNDS THAT THE REFUNDS HAD BEEN PROMISED TO BRITAIN AND THAT OUR READINESS TO COMPROMISE ON THE SHORTFALL IN FINANCES IN 1984 AND 1985 WOULD ONLY BE REDUCED BY THE PROPOSED MOVE.

FCO PLEASE PASS TO SAVING ADDRESSEES

(REPEATED AS REQUESTED)

TAYLOR

FRAME ECONOMIC

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