

Me JKR



cc FCO

10 DOWNING STREET

THE PRIME MINISTER

7 August 1984

Dear Henry

Thank you for your letter of 31 July. I am most grateful for all that you and your British colleagues did last week to try to head off the European Parliament's vote delaying our 1983 refunds.

As you will be aware, the reaction in Britain to the Parliament's action has been one of bafflement and anger that an agreement reached by Heads of Government in the European Council, and which met the Parliament's own conditions, should be unilaterally set aside. There is no doubt that the Parliament's action will make it more, not less, difficult to reach agreement on the 1984 and 1985 budgets. Nor does it improve public confidence in the Community to see one of its institutions reneging on an agreement.

I note your warning about the attitude of other governments. We are in touch with all of them. I think most of them understand that the Parliament's vote challenged not just our refunds but the Fontainebleau conclusions as a whole. The French Government has issued two statements, one of them in the name of President Mitterrand, reaffirming its commitment to honouring the agreement on 1983 refunds reached by the European Council and deploring the Parliament's action.

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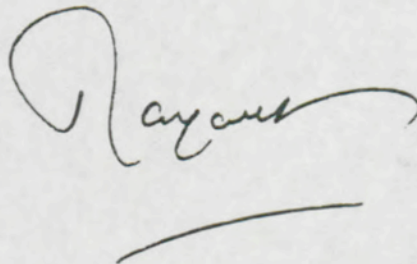


We have also had assurances from the Federal German Government that they advised leading CDU MEPs against supporting the motion on the grounds that this would make agreement on the 1984 budget more difficult.

It is true that other Community governments disagree with our approach to the problem of Community financing in 1984 and 1985. But we have no quarrel with them as far as our 1983 refunds are concerned. Even after the discussions in the Budget Council on 19/20 July and the General Affairs Council on 23/24 July, the Advisory Committees of representatives of Member States met and approved the Commission's draft decisions for implementing our refunds. It is therefore only the Parliament which is holding up the transfer.

We want a constructive relationship with the European Parliament and hope that this issue can be resolved in the autumn. We are urging other Community governments to use their influence with their MEPs before the Parliament's September plenary. We will, of course, continue to rely very much on your help. Malcolm Rifkind will be in Munich for the EDG's Autumn Study Days in early September and will have an opportunity to discuss all this with you then.

Yours ever

A handwritten signature in cursive script, appearing to read "Raymond", with a horizontal line underneath it.

Sir Henry Plumb, DL, MEP.