

RESTRICTED

GPS 400

RESTRICTED

FRAME ECONOMIC

DESKBY 100730Z

FM UKREP BRUSSELS 071920Z SEP 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2748 OF 07 SEPTEMBER 1984

INFO IMMEDIATE DUBLIN, PRIORITY BRUSSELS, COPENHAGEN, THE HAGUE,
ROME, PARIS, BONN, LUXEMBOURG, ATHENS.

BUDGET COUNCIL: 6/7 SEPTEMBER 1984

SUMMARY

1. BUDGET COUNCIL CONCLUDED AT 1630 HOURS TODAY WITHOUT REACHING CONCLUSIONS ON THE 1984 SUPPLEMENTARY AND 1985 DRAFT BUDGETS AND RELATED BUDGETARY ISSUES. PRESIDENCY DRAFT CONCLUSIONS REMAIN ON THE TABLE AND FAC WILL BE ASKED TO ADOPT THEM ON 17 SEPTEMBER. PRESIDENCY TO CONDUCT BILATERALS WITH THE UK AND OTHER MEMBER STATES IN COMING DAYS.

DETAIL

2. PROVISIONAL AGREEMENT WAS REACHED ON THE CONTENTS OF A DRAFT SUPPLEMENTARY BUDGET FOR 1984. THE FIGURE FOR SUPPLEMENTARY FINANCING WAS SUBSTANTIALLY REDUCED TO 1,003 MECU. IT WAS ALSO CONFIRMED THAT ANY FINANCING WOULD BE BY MEANS OF AN INTER-GOVERNMENTAL AGREEMENT ON THE BASIS OF 1984 VAT SHARES (AS REVISED BY THE COMMISSION'S RECTIFYING LETTER).

3. A PROVISIONAL DRAFT BUDGET FOR 1985 WITHIN THE ONE PERCENT CEILING WAS CONFIRMED, BUT NO AGREEMENT WAS REACHED ON THE AMOUNT OR METHOD OF SUPPLEMENTARY FINANCING IN 1985. MR STEWART MADE CLEAR THAT WE COULD NOT ACCEPT ANYTHING OTHER THAN A LIMITED AMOUNT OF SUPPLEMENTARY FINANCING, DERIVED FROM BRINGING FORWARD NEW OWN RESOURCES. THE GERMANS AND DUTCH REMAINED OPPOSED TO INCREASING OWN RESOURCES BEFORE 1 JANUARY 1986.

4. REGARDING 1984 REFUNDS, TIETMEYER (GERMANY) SUGGESTED THAT THESE MIGHT BE PROVIDED FOR ON THE REVENUE SIDE IN 1985 BY PARTIAL IMPLEMENTATION OF NEW OWN RESOURCES. THIS IDEA DID NOT ATTRACT SUPPORT FROM MOST OTHERS SINCE IT OFFERED NO WAY FORWARD ON MEETING EXCESS AGRICULTURAL REQUIREMENTS IN 1985. (THERE WERE RUMOURS THAT GERMANY MIGHT REVIEW ITS POSITION ON THE INTRODUCTION OF EXTRA OWN RESOURCES NEXT SPRING).

5. MR STEWART STRESSED FROM THE OUTSET THAT THE UK COULD NOT AGREE TO ESTABLISHING THE 1984 SUPPLEMENTARY BUDGET WITHOUT FIRM CONCLUSIONS ON THE OTHER POST-FONTAINEBLEAU BUDGETARY ITEMS. AS THE MEETING PROGRESSED OTHER DELEGATIONS PROFESSED

RESTRICTED

/ SURPRISE

RESTRICTED

SURPRISE AND DISAPPOINTMENT THAT THE UK WAS NOT ABLE TO SETTLE THE 1984 BUDGET PROBLEM THERE AND THEN. OUR OFFER OF PROVISIONAL AND CONDITIONAL AGREEMENTS PROVED TOO MUCH FOR THEM TO SWALLOW, THOUGH THE MEETING REMAINED FAIRLY GOOD TEMPERED.

6. O'KEEFE (IRISH PRESIDENCY) SUMMED UP THAT THOUGHT IT HAD NOT BEEN POSSIBLE TO ESTABLISH EITHER DRAFT BUDGET, GOOD PROGRESS HAD BEEN MADE. THE PRESIDENCY'S DRAFT CONCLUSIONS REMAINED ON THE TABLE, AND FAC WOULD BE ASKED TO ADOPT THEM ON 17 SEPTEMBER. THE PRESIDENCY WOULD MEANWHILE CONDUCT BILATERALS WITH THE UK AND OTHER MEMBER STATES, AND WOULD ALSO CONSIDER THE POSSIBILITY (SUGGESTED BY ITALY) OF A JOINT FAC-BUDGET COUNCIL. O'KEEFE SPOKE TO THE PRESS IN FAIRLY HELPFUL TERMS AT THE END OF THE COUNCIL (SEE SEPARATE TEL).

7. DETAILED REPORT FOLLOWS.

FCO ADVANCE TO:-

FCO - RENWICK, FAIRWEATHER, WESTMACOTT

CAB - WILLIAMSON, STAPLETON, LAMBERT

MAFF - PERRINS

TSY - PS/EST, UNWIN, FITCHEW, MORTIMER, BOSTOCK, LENNON

TSY SOL - WHELDON

BUTLER

(ADVANCED AS REQUESTED)

FRAME ECONOMIC

ECD(I)

COPIES TO:

ADVANCE ADDRESSEES

2
RESTRICTED