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SAVING OTHER EC POSTS

FROM UKREP BRUSSELS

EUROPEAN PARLIAMENT AND THE UK REFUNDS

SUMMARY

1. NO FINAL DECISION ON 1983 REFUND IS LIKELY IN THE EUROPEAN PARLIAMENT PLENARY SESSION THIS WEEK. BUT DEBATE CONTINUES ON CONDITIONS UNDER WHICH THE REFUNDS WOULD BE RELEASED. HELPFUL STATEMENT BY O'KEEFE ON THE COUNCIL'S POSITION. A FURTHER POTENTIALLY UNHELPFUL GERMAN CD RESOLUTION HAS BEEN TABLED.

DETAIL

2. O'KEEFE REPORTED TO EUROPEAN PARLIAMENT PLENARY THIS EVENING ON THE COUNCIL POSITION ON THE 1984 AND 1985 BUDGETS. HE REFERRED TO THE PROGRESS IN THE COUNCIL AND DID NOT POINT THE FINGER AT THE UNITED KINGDOM. HE ENDED WITH THIS HELPFUL COMMENT ON THE UK

REFUNDS -

BEGINS

FINALLY, I DO NOT WANT TO HARP ON THE PAST BUT I AM BOUND TO SAY THAT IT WOULD GREATLY HELP THE EFFORTS WHICH THE IRISH PRESIDENCY IS MAKING TO RESOLVE THESE PROBLEMS IF IT COULD BE AGREED THAT YOU WILL UNBLOCK THE BRITISH REFUNDS FOR 1983 WHEN THE DRAFT 1984 SUPPLEMENTARY IS ESTABLISHED AND TRANSMITTED TO YOU.

ENDS.

3. FOR THE COMMISSION, TUGENDHAT'S STATEMENT, IMMEDIATELY AFTERWARDS, WAS MUCH MORE GLOOMY AND PROVIDED THE PARLIAMENT WITH STICKS WITH WHICH TO BEAT THE COUNCIL. HE CLAIMED THAT FOR A SECOND TIME THE

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1 BUDGET

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BUDGET COUNCIL HAD FAILED TO ESTABLISH EITHER A DRAFT SUPPLEMENTARY BUDGET FOR 1984 OR A DRAFT FOR 1985. THE COMMISSION CONSIDERED ITS REQUEST FOR A FURTHER 1983 MECU FOR FEOGA GUARANTEE EXPENDITURE TO BE OF THE RIGHT ORDER OF MAGNITUDE. IF A SUPPLEMENTARY BUDGET HAD NOT BEEN PASSED BY THE END OF OCTOBER RESPONSIBILITY WOULD HAVE TO BE PASSED TO NATIONAL INTERVENTION AGENCIES AND THIS WOULD REPRESENT "A PARTIAL RE-NATIONALISATION WHICH THE COMMISSION WOULD DEEPLY DEPRECATE". THE DRAFT SUPPLEMENTARY BUDGET HAD TO BE BASED ON REALISTIC AND NOT FICTITIOUS ASSUMPTIONS ON REVENUES. A 500 MECU SURPLUS FROM AGRICULTURE, SUGAR LEVIES AND CUSTOMS DUTIES WAS A FICTITIOUS ASSUMPTION WHICH THE COMMISSION COULD IN NO WAY ENDORSE.

4. THE BUDGET COMMITTEE MET BRIEFLY THIS AFTERNOON. LANGES (GERMAN CD) SAID THAT, WITH THE SUPPORT OF HIS GROUP, HE INTENDED TO TABLE A MOTION FOR RESOLUTION FOR PLENARY THIS WEEK ON 'RELEASING THE FUNDS FOR SUPPLEMENTARY MEASURES IN FAVOUR OF THE UNITED KINGDOM AND THE FEDERAL REPUBLIC OF GERMANY'. THIS WOULD READ AS FOLLOWS:

BEGINS

THE EUROPEAN PARLIAMENT,

- HAVING REGARD TO ITS RESOLUTION ON THE FUNDS FOR SUPPLEMENTARY MEASURES IN FAVOUR OF THE UNITED KINGDOM,

- HAVING REGARD TO THE CONDITIONS GOVERNING THE RELEASE OF THESE FUNDS FOR THE SUPPLEMENTARY MEASURES,

1. AGREES TO THE RELEASE OF THE FUNDS SUBJECT TO THE FOLLOWING CONDITIONS:

(A) THAT THE COUNCIL REACHES AGREEMENT ON THE MEASURES TO COVER THE BUDGET DEFICIT FOR 1984,

(B) THAT THIS SOLUTION DOES NOT JEOPARDIZE THE EUROPEAN PARLIAMENT'S BUDGETARY POWERS.

ENDS.

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5. COT, THE NEW BUDGET COMMITTEE CHAIRMAN, SAID THAT HE WOULD PREFER THE BUDGET COMMITTEE AS A WHOLE TO REACH AGREEMENT ON THIS SUBJECT AND SAID HE WOULD TRY TO ARRANGE FOR IT TO BE DISCUSSED AT A FURTHER COMMITTEE MEETING TOMORROW AFTERNOON. THE EDG ARE TRYING TO SECURE AGREEMENT ON A TEXT WHICH WOULD OMIT 1(B) OF THE LANGES MOTION.

6. SIR MICHAEL BUTLER HAD USEFUL MEETINGS WITH PFLIMLIN AND COT, THE NEW PRESIDENT OF THE BUDGET COMMITTEE. PFLIMLIN SAID THAT HE THOUGHT THE MAJORITY OF MEPS WOULD FAVOUR THE RELEASE OF THE REFUNDS ONCE THE COUNCIL HAD PRESENTED A BUDGET WHICH 'BALANCED' THE COMMUNITY'S FINANCIAL REQUIREMENTS FOR 1984. COT ALSO APPEARED DISINCLINED TO SUPPORT MOVES IN THE PARLIAMENT WHICH WOULD FURTHER COMPLICATE THE RELEASE OF THE REFUNDS.

7. ON THE OTHER HAND, MME VEIL, THE LEADER OF THE LIBERAL GROUP SEEMED MORE DISPOSED TO MAINTAIN THE ARGUMENTS OVER THE FONTAINEBLEAU AGREEMENT, PRESUMABLY FOR FRENCH INTERNAL POLITICAL REASONS. SHE TOOK THE LINE WITH SIR MICHAEL BUTLER THAT THE ACTION ON THE UK REFUNDS WAS TO KEEP UP THE PRESSURE ON THE COUNCIL OVER AN UNSATISFACTORY AGREEMENT AT FONTAINEBLEAU. OTHER PARTIES, NOTABLY FRENCH AND ITALIAN COMMUNISTS, WILL CONTINUE TO SUPPORT MEASURES WHICH ARE DIFFICULT FOR US.

FCO ADVANCE TO:

FCO PS/SOS, PS/MR RIFKIND, RENWICK, FAIRWEATHER

CAB WILLIAMSON

BY UNWIN

FCO PLS PASS ALL

LUSH

FRAME Economic
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(REPEATED AS REQUESTED)

ADVANCED AS REQUESTED

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