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FM PARIS 261530Z SEP 84

TO IMMEDIATE FCC

TELEGRAM NUMBER 1104 OF 26 SEPTEMBER

INFO IMMEDIATE WASHINGTON (FOR CHANCELLOR'S PARTY), UKNIS NEW YORK  
(FOR SECRETARY OF STATE'S PARTY), PRIORITY OTHER EC POSTS

YOUR TELNO 617 AND MY TELNO 1100: EUROPEAN COMMUNITY: BUDGET  
DISCIPLINE

SUMMARY

1. DUMAS CABINET CLAIMS THE FRENCH EXPECT NO (NO) AGREEMENT ON  
COMMUNITY FINANCING IN THE COUNCIL OF MINISTERS. EUROPEAN COUNCIL  
WOULD HAVE TO RESOLVE OUTSTANDING ISSUES.

DETAIL

2. WE HAVE PURSUED THE POINTS IN YOUR TUR WITH BRICHAMBAUT,  
DUMAS' DIRECTEUR DE CABINET. HE PROFESSED TO BELIEVE THAT SO MANY  
MEMBER GOVERNMENTS WERE NOW INSISTING ON LINKING ALL THE FINANCIAL  
ISSUES AND WERE SO FAR APART THAT THE CHANCES OF AGREEMENT IN THE  
COUNCIL OF MINISTERS NEXT WEEK WERE NIL. THE FRENCH WERE THEREFORE  
CONSIDERING HOW THE ISSUES MIGHT BE HANDLED AT THE DUBLIN EUROPEAN  
COUNCIL IN DECEMBER, AND WERE RESIGNED TO NATIONAL FINANCING OF  
AGRICULTURAL AIDS IN THE MEANTIME. AT THE END OF THE DISCUSSION HE  
DID HOWEVER VOLUNTEER THAT HE MIGHT HAVE BEEN OVER-DRAMATISING  
SOMEWHAT. MORE SERIOUSLY, BRICHAMBAUT INSISTED THAT WHILE THE  
FRENCH APPROACH TO EUROPEAN COMMUNITY FINANCES HAD UNDERGONE AND  
WAS STILL UNDERGOING AN IMPORTANT CHANGE IN FAVOUR OF GREATER  
DISCIPLINE AND A BETTER BALANCE BETWEEN AGRICULTURE AND OTHER  
SPENDING, WE WERE ASKING THEM TO MOVE FASTER THAN WAS POLITICALLY  
FEASIBLE.

2. HE MAINTAINED THAT FRENCH OPPOSITION TO GIVING REGULATION  
STATUS TO THE BUDGET DISCIPLINE MEASURE HAD NOW BEEN FIXED  
BY INTER-MINISTERIAL DECISION.

3. LIKE BLANCHEMAISON YESTERDAY, HE DID NOT SERIOUSLY CONTEST  
THE IMPORTANCE OF MATTERS SUCH AS CLAW-BACK, BASE DRIFT AND THE  
TIMING OF AGRICULTURAL PRICE FIXING, AND DID NOT DISPUTE THAT  
IT WOULD BE CONTRARY TO THE SPIRIT OF FONTAINEBLEAU TO SUBMIT  
THEM FOR DECISION BY THE EUROPEAN COUNCIL, BUT HAD NO ALTERNATIVE  
TO SUGGEST.

Discussion

4. HE CLAIMED THAT THE DECISION ON COMMUNITY FINANCES HELD BY  
MITTERRAND AND KOHL AT VERDUN HAD BEEN TETE-A-TETE AND THAT  
NOBODY HAD A FULL ACCOUNT OF IT. THE TWO MEN HAD AGREED TO MEET  
FOR A WORKING SESSION ON EUROPEAN AFFAIRS ON AN UNSPECIFIED DATE  
IN OCTOBER.

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/COMMENT

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COMMENT.

5. WHILE BRICHAMBAUT MAY INDEED, AS HE SAID HAVE BEEN DRAMATISING AND TO SOME EXTENT GUESSING HIS MINISTER'S INTENTIONS, IT DOES LOOK AS THOUGH THE FRENCH GOVERNMENT NOW THAT IT IS STARING A DECISION ON BUDGET DISCIPLINE IN THE FACE IS WONDERING WHETHER IT REALLY WANTS TO TAKE THE CONSEQUENTIAL ANGER OF FARMERS ON THE CHIN.

ROCARD, HAVING OBTAINED RATHER GENEROUS TREATMENT FOR HIS FARMERS FROM THE COMMISSION THIS YEAR, AND IN THE DOMESTIC BUDGET FOR 1985, SEEMS ALSO TO HAVE HAD SOME SUCCESS IN WEAKENING THE MINISTRY OF FINANCE'S COMMITMENT TO EC BUDGET DISCIPLINE UNDER BEREGEVOY COMPARED TO DELORS. AS A RESULT ADVOCATES OF DISCIPLINE ARE HARD TO FIND IN PARIS AT THIS TIME.

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