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FRAME ECONOMIC

DESKBY 041330Z

FM UKREP BRUSSELS 041220Z OCT 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 3153 OF 4 OCTOBER

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

BUDGETARY QUESTIONS: EUROPEAN PARLIAMENT PRESS CONFERENCE.

SUMMARY

1. THIS MORNING PFLIMLIN, THE PRESIDENT OF THE EUROPEAN PARLIAMENT, AND COT, THE CHAIRMAN OF THE BUDGET COMMITTEE, COMMENTED ON THE FAC BUDGETARY DECISIONS AT A PRESS CONFERENCE. THEIR PREPARED STATEMENTS CONTAINED NO MENTION OF OUR 1983 REFUNDS BUT IN ANSWER TO QUESTIONS THEY BOTH SAID THAT THE REFUNDS SHOULD NOW BE RELEASED BY THE PARLIAMENT THOUGH PERHAPS NOT NEXT WEEK BUT AT THE SECOND PARLIAMENTARY SESSION IN OCTOBER (22-25 OCTOBER).

DETAIL

2. PFLIMLIN BEGAN BY SAYING THAT THE RESULT OF THE FAC WAS A THOROUGHLY UNSATISFACTORY MEDIOCRE COMPROMISE. ISSUES HAD NOT BEEN RESOLVED THEY HAD MERELY BEEN PUT OFF FOR A YEAR WHEN THE SITUATION WOULD DOUBTLESS BE EVEN WORSE.

3. COT SAID THAT HE WAS GLAD THAT THE DRAFT BUDGET FOR 1985 AND THE SUPPLEMENTARY BUDGET FOR 1984 HAD FINALLY BEEN RELEASED BY THE COUNCIL, ALBEIT AT THE LAST POSSIBLE LEGAL MOMENT BUT HE WAS DISAPPOINTED THAT THE REVENUE FOR THE 1984 SUPPLEMENTARY WAS NOT ASSURED AND WAS NOT "COMMUNAUTAIRE". THE SEVERE UNDER-ESTIMATE OF THE EXPENDITURE NECESSARY FOR THE REMAINDER OF 1984 COULD ONLY MEAN THAT EXPENDITURE WOULD HAVE TO BE CARRIED FORWARD ONTO THE 1985 BUDGET WHICH WAS ITSELF ADMITTED TO BE INSUFFICIENT TO MEET EXPENDITURE ESTIMATED NECESSARY IN THAT YEAR. FURTHERMORE IT WAS DEEPLY TO BE REGRETTED THAT THE COUNCIL HAD SEEN FIT TO MAKE SEVERE CUTS IN THE MOST INNOVATIVE ELEMENTS OF THE 1985 BUDGET : ENERGY, INFORMATION TECHNOLOGY, INDUSTRY ETC.

4. COT ALSO MADE CLEAR HIS DISLIKE OF WHAT HE CALLED THE "THREAT OF AN UNACCEPTABLE DECISION ON BUDGET DISCIPLINE". THE PARLIAMENT SUPPORTED THE REMARKS OF PRESIDENT THORN ON THIS SUBJECT. (SUBSEQUENTLY PFLIMLIN, IN ONE OF A SERIES OF RAMBLING, SOMEWHAT EMOTIONAL OBSERVATIONS, CRITICISED THE ASPHYXIATION OF THE COMMUNITY BY ACCOUNTANTS WHOSE IDEAS OF BUDGETARY DISCIPLINE WERE INTENDED TO PREVENT THE DEVELOPMENT OF NEW POLICIES).

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5. QUESTIONED ON THE PARLIAMENT'S ATTITUDE TO THE RELEASE OF THE 1983 UK REFUNDS COT AND PFLIMLIN IN A SERIES OF SOMEWHAT AMBIGUOUS REPLIES SUGGESTED THAT THE UK REFUNDS FOR 1983 WERE LINKED WITH THE SUPPLEMENTARY BUDGET FOR 1984 BY THE DECISIONS OF FONTAINEBLEAU AND THAT ACCORDINGLY NOW THAT THE SUPPLEMENTARY BUDGET HAD BEEN SENT TO THE PARLIAMENT IT SHOULD BE POSSIBLE TO RELEASE THE UK REFUNDS FOR 1983. THERE WAS A PROBLEM OVER THE SEQUENCE OF EVENTS AND IT WAS THEREFORE NOT CERTAIN THAT THE REFUNDS WOULD BE RELEASED NEXT WEEK.

FCO ADVANCE TO:

FCO - RENWICK, FAIRWEATHER, WALL, MARSDEN.

CAB - WILLIAMSON, LAMBERT.

TSY - UNWIN, FITCHEW, MORTIMER, PEET.

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