

RESTRICTED

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FRAME ECONOMIC

FM UKREP BRUSSELS 282215Z NOV 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 4014 OF 28 NOVEMBER

INFO ROUTINE COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN,

LUXEMBOURG, ATHENS

INFO SAVING BRUSSELS.

FOREIGN AFFAIRS COUNCIL, 28 NOVEMBER.

BUDGET DISCIPLINE.

SUMMARY

AFTER A FURTHER ATTEMPT TO REACH AGREEMENT IN RESTRICTED SESSION, THE PRESIDENCY WERE OBLIGED TO CONCLUDE THAT NO PROGRESS COULD BE MADE AND THAT THE ISSUE MUST BE REFERRED TO THE EUROPEAN COUNCIL.

~~DETAIL~~

1. THE PRESIDENCY TABLED THE TEXT OF A DRAFT LETTER TO THE EUROPEAN PARLIAMENT (BY MUFAX) AND PROPOSED THAT THIS AND THE UNAMENDED TEXT OF THE COUNCIL CONCLUSIONS ON BUDGET DISCIPLINE SHOULD BE ADOPTED TOGETHER. THE DANES SAID THAT THEY WERE NOW READY TO AGREE ON THE SUBSTANCE OF PRIOR CONSULTATION WITH THE EUROPEAN PARLIAMENT AND TO APPROVE THE PRESIDENCY LETTER ACCORDINGLY. BUT THEY WERE NOT PREPARED TO AMEND THE COUNCIL CONCLUSIONS.
2. ITALY, BELGIUM, LUXEMBOURG AND GREECE ALL SAID THAT THIS DID NOT GO FAR ENOUGH. THORN'S PROPOSALS WERE THE ABSOLUTE MINIMUM. THE GREEKS WANTED THE ISSUE REFERRED TO THE EUROPEAN COUNCIL. BARRY (PRESIDENCY) SAID THAT THE FOREIGN AFFAIRS COUNCIL SHOULD TAKE THE DECISION AND THAT THORN'S TWO AMENDMENTS WERE REFLECTED IN THE PRESIDENCY'S DRAFT LETTER. TUGENDHAT (COMMISSION) SAID THAT THE LETTER FELL SHORT OF THE OBJECTIVE OF AVOIDING CONFLICT WITH THE PARLIAMENT.
3. TYGESEN (DENMARK) SAID THAT THE DANES WERE NOT DEMANDEURS FOR BUDGET DISCIPLINE AND COULD LIVE WITHOUT IT. THEY HAD MADE A GESTURE BUT HAD RECEIVED NO THANKS. HE WAS WILLING TO MAKE THE LETTER A "CONCLUSION" OF THE COUNCIL SO THAT IT HAD EXACTLY THE SAME STATUS AS THE CONCLUSIONS PROPER. HE DOUBTED WHETHER THE DANISH PRIME MINISTER WOULD TRY TO GET AGREEMENT FOR THORN'S TWO AMENDMENTS TO THE COUNCIL CONCLUSIONS PROPER.
4. ELLIOTT SAID THAT THE UK WOULD NOT BE ABLE TO PROCEED WITH THE INTER-GOVERNMENTAL AGREEMENT UNTIL THE BUDGET DISCIPLINE

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TEXT WAS ADOPTED. GOING TO THE EUROPEAN COUNCIL WOULD MEAN DELAY WHICH WE WOULD REGET. WE COULD HAVE AGREED TO THORN'S AMENDMENTS BUT NOW THOUGHT IT BEST TO ACKNOWLEDGE THE EFFORT MADE BY THE DANES AND TO SETTLE ON THE BASIS OF THE LETTER. LEPRETTE (FRANCE) AND RUTTEN (NETHERLANDS) AGREED SUBJECT TO MINOR IMPROVEMENTS IN THE LETTER. POENSGEN (GERMANY) COULD ACCEPT THE LETTER BUT WOULD HAVE PREFERRED TO GO FURTHER.

5. BARRY ASKED WHETHER ITALY, LUXEMBOURG AND THE REST COULD ACCEPT THE LETTER IF IT WAS IMPROVED. ITALY SAID THAT THE RELATIONSHIP WITH THE PARLIAMENT COULD NOT BE SAFEGUARDED BY A LETTER. BARRY CONCLUDED AS IN THE SUMMARY.

FCO ADVANCE TO:

FCO - RENWICK, WALL, MARSDEN.

CAB - WILLIAMSON, LAMBERT, BURR.

MAFF - PERRINS.

TSY - UNWIN, FITCHEW, HOPKINSON, BOSTOCK.

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~~ADVANCED AS REQUESTED~~

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ADVANCE ADDRESSEES

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