

020

CONFIDENTIAL

① *SPC*



Foreign and Commonwealth Office

London SW1A 2AH

3 April 1985

Dear Charles, *Yes*

*Prime Minister
Agree proposed
instructions to
Sir Julian Bullard?
CDP 3/4*

Community Budget

Following the agreement reached in the European Council, the draft of the new own resources decision will be discussed with representatives of the European Parliament on 28 April. Although they will no doubt criticise, as they have before, the Fontainebleau agreement, they cannot change the text of the decision, which should be formally adopted by the Foreign Affairs Council on the following day.

The Budget Council will meet around the end of April to determine the size of the inter-governmental agreement to finance the 1985 overrun and establish the 1985 budget. That will then be sent to the Parliament, including provision for our 1000 mecus correction to be made by a call-up of VAT from the other Member States as soon as the new own resources decision has been ratified. The Parliament have already indicated that they will try to transfer our 1000 mecus from the revenue to the expenditure side. This is not acceptable to us or to other members of the Council.

We shall be lobbying all Member States on this matter and asking them to use their influence with their MEPs to ensure that the Parliament behaves responsibly and does not seek to upset what has been agreed. There would be no tolerance in the Council for the Parliament's actions if it sought to do so. M. Cot, Chairman of the Budget Committee, has already been lobbied by Sir Michael Butler. Cot and the British MEPs think that the Parliament may well try to put our 1000 mecus on the expenditure side on the first reading but, if the Germans and other governments use their influence, should give way when the budget is sent back by the Council. Cot has warned, however, that the German CDU MEPs have been particularly difficult on this issue.

I attach, therefore, a telegram we should like to send, with the Prime Minister's authority, to Sir Julian Bullard in Bonn. Herr Ruhfus has already promised to take action with the German CDU MEPs. It is important, however, that they should also be given a message direct from the Chancellery that there should be no interference with what has been agreed in the European Council. We are also taking action with M. Pflimlin.

/I am

CONFIDENTIAL

CONFIDENTIAL



I am sending a copy of this letter, with the enclosure,
to Rachel Lomax in the Treasury.

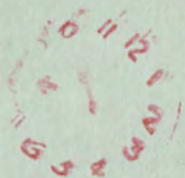
*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

3 APR 1985



OUT TELEGRAM

	↓	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE
--	---	---	---------------------------------------

ZCZC
GRS
CLASS
CAVEATS
DESKBY
FM FCO
PRE/ADD
TEL NO

1	ZCZC
2	GRS
3	CONFIDENTIAL
4	
5	
6	FM FCO
7	TO IMMEDIATE BONN
8	TELEGRAM NUMBER
9	REPEATED TO (FOR INFORMATION) IMMEDIATE UKREP BRUSSELS
10	REPEATED TO (FOR INFORMATION) PRIORITY OTHER EC POSTS
11	EUROPEAN COMMUNITY
12	1. The Prime Minister would be grateful if you would approach
13	the Chancellery and make the following points. In doing so you
14	should make clear that you are speaking on her behalf.
15	2. The Prime Minister was glad that we were able to work so
16	closely with Chancellor Kohl and the German delegation in
17	bringing the enlargement negotiations to a successful
18	conclusion, in settling the new own resources decision and in
19	dealing with the question of IMPs in an acceptable way at the
20	European Council.
21	3. Now that this overall agreement has been reached, the
22	Community should be able to devote its attention to the future.
23	The Prime Minister will be discussing this with Chancellor Kohl
24	during his visit to Chequers in May.
25	4. It is very important, however, that what has now been agreed

///
//
/

NNNN ends telegram	BLANK	Catchword should
File number	Dept	Distribution FRANC ECONOMIC
Drafted by (Block capitals)		
Mr Renwick		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 2
--	---	-----------	-----------

<<<<

1 <<<<
2 should not be upset by actions of the European Parliament.
3 5. The 1,000 mecu correction for the United Kingdom agreed at
4 Fountainebleau and incorporated in the new own resources decision
5 will be included in the 1985 budget as a correction on the
6 revenue side. The Budget Committee of the Parliament have
7 already said that they will try to transfer our correction to the
8 expenditure side. That is not in accordance with Fontainebleau,
9 and the other Member States have made clear in the Council that
10 they will not agree to finance it in that way.
11 6. We are in touch with the governments of the other Member
12 States, all of whom will be concerned to ensure that there is no
13 interference with what has now been agreed. It will be
14 particularly important, however, that the Chancellery should take
15 action with the key CDU members of the Parliament and in
16 particular of the Budget Committee - Klepsch, Langes and Pfennig
17 - who have been making difficulty on this point.
18 7. We hope the Chancellery will be prepared to make the point
19 that, once the amount of the inter-governmental agreement has
20 been decided in the Budget Council, the Parliament will be asked
21 to approve a budget covering the Community's expenditure for the
22 whole of 1985. The new own resources decision (which cannot be
23 changed by the Parliament anyway) will cover the Community's
24 financing needs thereafter. It has taken a very long time to
25 reach agreement on this basis. It will not be possible for the
26 Council to change what has been agreed. It is important that the
27 Parliament will act responsibly. It would be self defeating for
28 it now to create problems in relation to the implementation of
29 this agreement.
30 8. You should add that Sir Michael Butler spoke to Ruhfus about
31 this in Brussels. Ruhfus undertook to use his influence with the
32 CDU MEPs. We are grateful for this and you will wish to keep in
33 close touch with him. It is important, however, that they should
34

///
//
/

NNNN ends telegram	BLANK	Catchword also
--------------------	-------	-------------------

OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

Page

3

<<<<

1 <<<<

2 also hear direct from the Chancellory.

3

4 HOWE

5 NNNN

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

/// 31

// 32

/ 33

34

NNNN ends
telegram

BLANK

Catchword

- 3 APR 1985

10 11 12 1
9 8 7 6 5 4 3 2

CONFIDENTIAL



6
cpc

10 DOWNING STREET

From the Private Secretary

4 April 1985

Dear Sir,

Community Budget

Thank you for your letter of 3 April enclosing some draft instructions to Sir Julian Bullard urging the German Government to take action with German CDU members of the European Parliament not to tamper with the United Kingdom's abatement.

The Prime Minister has approved these instructions which may now be despatched.

I am copying this letter to Rachel Lomax (HM Treasury).

yours sincerely
Charles Powell
Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office.

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

3 April 1985

C D Powell Esq
10 Downing Street
LONDON
SW1

Dear Charles,

COMMUNITY BUDGET

The Chancellor has seen the draft telegram to Bonn with Colin Budd's letter to you of 3 April.

The Chancellor is content with the terms of the draft provided that the Foreign Secretary is satisfied that there is no risk that lobbying CDU MEPs may prove counterproductive. Treasury Ministers will, of course, be considering tactics for the Budget Council, which the Economic Secretary will attend later this month, in the light of the Commission's increased request for additional finance. Treasury officials will be in touch with the Foreign and Commonwealth Office and other Departments about this.

I am copying this letter to Colin Budd at the FCO.

Yours sincerely,

Philip Wynn Owen

P WYNN OWEN
Assistant Private Secretary

EURO POL: Budget: PE 29



Library of Congress
1000 3rd St NE
Washington, DC 20540



[Faint, illegible text, likely bleed-through from the reverse side of the page.]

Consequences of Spanish Accession

UK IS PAYING TOO MUCH THROUGH

- (1) INTEGRATED MEDITERRANEAN PROGRAMMES
 - (2) COST OF SPANISH/PORTUGUESE ACCESSION
 - (3) BUDGET OVERRUN FOR 1985
- (1) European Council agreed to 1.6 billion ecu for integrated Mediterranean programmes over 7 years but cost to UK will be less than £10 million a year. Compare this with commitment to UK in 1984 of £371 million from the Regional Fund and £353 million from the Social Fund. Low cost of integrated Mediterranean programmes to UK direct consequence of Fontainebleau agreement, on which this European Council agreed the implementing text. UK financing share 7%, Germany 33%, France 27%.
- (2) Of course, some costs in later years as a result of enlargement and strengthening of democracy in Western Europe. But transitional financing arrangements for Spain intended to keep Spain in broad balance. Otherwise Spain would have been large net contributor in early years.
- (3) No new own resources before 1986 (but UK's 1000 million ecu abatement decoupled and available immediately on ratification of new Own Resources decision). European Council did not discuss 1985 budget overrun: to be discussed and agreed in Budget Council before any intergovernmental agreement put to House.

D. B.

File please
CDP
29/3

POSSIBLE OPTIONAL TEXT FOR DOOGE COMMITTEE REPORT:
EUROPEAN PARLIAMENT

Others considered that the Parliament elected by universal suffrage could make a more effective contribution to Community decision-making within its existing powers. This should be achieved by:

- encouraging the Parliament to make constructive use of its right to make specific proposals for Community action for consideration by the Commission and, with the agreement of the Commission, by the Council.
- ensuring that the Council fulfils its commitment to follow up resolutions passed by the Parliament. Where the Council decides not to act on a parliamentary opinion it should be ready if the Parliament so requests to explain its reasons.
- as envisaged in the conclusions of the Council on budgetary discipline, consultation between the European Parliament and the Council should take place when the ceiling for annual budget expenditure in the framework of multi-annual programming is fixed.
- improvement and extension of the conciliation procedures, in particular by better communication between the Council and Parliament in the early stages of consideration by both institutions of Commission proposals.

POSSIBLE OPTIONAL TEXT FOR DOOGE COMMITTEE REPORT:
DECISION TAKING

Others considered that the provisions of the Treaties should be more strictly respected.

- consideration should be given to more ^{consistent resort to} ~~use of~~ the majority voting provisions of the Treaty. In particular, once a reasonable time had been devoted to the search for consensus, the Presidency should call for a vote.
- member states should identify cases where not insisting on the unanimity requirement under the Treaties could be advantageous. They should make greater use of the possibility of abstention in accordance with Articles 148(3) EEC, 118 EEC and 28 ECSC. A start should be made with the establishment of standards for high technology products under Article 100.
- a member state insisting that discussion should continue until unanimity was reached should be ready objectively to justify why it considered its very important interests to be at stake.

POSSIBLE OPTIONAL TEXT FOR DOOGE COMMITTEE REPORT:
INTERGOVERNMENTAL CONFERENCE

Others consider that the recommendations in this report should be the subject of consultations between governments before the June European Council, so that decisions can be taken by the Heads of Government at that meeting.