

Qz.04436

MR POWELL

EUROPEAN COMMUNITY BUDGET FOR 1985

The Budgets Committee of the European Parliament discussed the draft 1985 budget on 6 May and, as expected, voted to delete the United Kingdom's 1000 million ecu abatement for 1984 from the revenue side of the budget and to replace it by token entries on the expenditure side providing for refunds. The vote was 14 in favour, 10 against and 7 abstentions (including the German Christian Democrats). This and many other proposed changes in the draft budget are now being submitted to the European Parliament, when a vote will be taken on 9 May.

We strongly recommend that, if the European Parliament does follow the line of its Budgets Committee and there is public or press speculation on this point, the United Kingdom's response should be:-

(i) we note that the European Parliament's Budgets Committee considers that the 1000 million ecu for 1984 should be made available not by an abatement of contribution but by direct payments to the United Kingdom. This is not the completion of, but only a stage in, the budget procedure. We are fully confident that the Council will reinstate the correct method, ie by abatement of contribution, and that on second reading the European Parliament will reconsider the matter. All member states are agreed on this point;

/(ii)

CEBI (2)
Prime Minister
This could come up
in the House
tomorrow.
CJP
85.

(ii) in any event the 1985 budget can only be financed when the separate intergovernmental agreement has been accepted by the United Kingdom Parliament and that of other member states. We have already made clear that for this purpose we shall need to be satisfied that the 1000 million ecu abatement is guaranteed.

I am sending copies to Colin Budd (Foreign and Commonwealth Office), Rachel Lomax (H M Treasury) and to Sir Robert Armstrong.

Df Williamson

D F WILLIAMSON

8 May 1985