PRIME MINISTER'S

PRIME MINISTER PERSONAL MESSAGE

OUR BUDGET REBATE

You have just received a letter from President Mitterrand which encloses a letter which he has sent to Chancellor Kohl and all the other members of the European Council.

The French text is attached. Roughly translated it says:

"The European Council at Stuttgart adopted conclusions relating to the payment to the United Kingdom in 1984 of a rebate of 750m ecus net. At the same time it was noted that for several member states, including France, the completion of the budgetary procedure for 1984 on this matter would be possible only if decisions had been taken meanwhile, and at the latest at the Athens Council, on the matters essential for the future of the Community described in the Stuttgart Declaration, notably on the increase of own resources necessary to the development of Community policies and to the success of the enlargement negotiations. I shall not revert to this important aspect of our discussions and of the urgent negotiations which are to open shortly.

The decision taken on behalf of the United Kingdom is in no way linked to the decision taken on 30 May 1980 to deal with a similar difficulty in respect of 1980, 1981 and 1982. The anomalies observed in the application of the 1980 decision have therefore not yet been taken into account and the excess sums paid to this member state should, as was foreseen in the Resolution adopted on 25 May 1982 by our Foreign Ministers, be subjected at a later stage to 'corrections on the basis of actual figures'.

On several occasions, in the course of the Stuttgart Council, at our own level and that of our Ministers,

it was recalled that the problem of the so-called British overpayments remained in its entirety. I have thought it useful to recall this fact by means of the present letter to the President of the Community and I have copied it to the Prime Ministers of the eight other member states as well as the President of the Commission."

I have asked the FCO for urgent advice on whether you should write to Chancellor Kohl and/or President Mitterrand with copies to everyone else.

A. J. C.