

CBI  
FCS/83/123

CHANCELLOR OF THE EXCHEQUER

Prime Minister

for information.

A.T.C. 6/7

EC Budget Refunds to the UK in respect of 1983

1. Many thanks for your minute of 1 July. I agree with you that we cannot rule out having to consider withholding again at some stage.
2. As you say we must expect attempts at obstruction and difficulties of all sorts from our partners and from the European Parliament. But we must remember that we went through all this in 1980 and again in 1982 without substantial damage to our interests and that some at least of this will represent attempts by other member states to play to the gallery of their own public opinion by making it appear that they are negotiating very toughly. This is why I am convinced that our best tactic will be to avoid raising the temperature prematurely and to maintain firmly, as the Prime Minister did when speaking to Dankert, that we are confident that we shall obtain the refunds in the end.
3. As you say the real crux for us will be whether we get the bulk of the sums due (80-90%) paid by the end of March 1984. I agree we should not precipitate a crisis in July. At some point after that, possibly at Athens on 6 December it may indeed become clear that other member states are resolutely determined to prevent us getting the money. We would then have to make clear our intention to protect our interests. But it is more likely that the picture will not be so clear cut as that and we may face some difficult decisions about how long we can reasonably tolerate the uncertainty.

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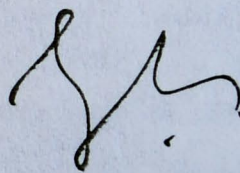


4. The note attached to your minute shows that securing our 1982 risk-sharing money will need to be an important factor in our calculations. We would want to weigh this in deciding the timing of any decision to withhold.

5. For these reasons I think it is unlikely that it would make sense, either politically or financially, to withhold as early as November, in advance of Athens. I doubt if the fact that a proportion of our 1983 refunds would not be accumulated until our next financial year should be a decisive factor.

6. I note what you say about the timing of legislation. I agree that we should look at this again when the exact circumstances in which we are contemplating withholding are clearer.

7. I am sending copies of this minute to the Prime Minister, the Minister of Agriculture, the Attorney General and Sir Robert Armstrong.



(GEOFFREY HOWE)

Foreign and Commonwealth Office  
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