

CONFIDENTIAL



File

10 DOWNING STREET

From the Private Secretary

21 July 1983

EC Budget

Sir Michael Butler rang me this morning to convey Mr. Ridley's views on the state of discussion at the Budget Council. He suggested that the Prime Minister should telephone Chancellor Kohl to convey our concern.

Since the Prime Minister's programme this morning gives her no opportunity to talk to the Chancellor, she asked me to convey instead a message to Mr. Teltschik.

I rang the latter, described the existing state of discussion on the 1983 supplementary budget (on which Teltschik was unsighted) and said that I should be grateful if he would convey to the Chancellor the following message from the Prime Minister:

- (a) She was very concerned about the nature of the discussion in the Budget Council about the 1983 supplementary budget;
- (b) The Greek proposal for reducing the amount due to the United Kingdom in respect of risk-sharing for 1982 was quite unacceptable;
- (c) She was alarmed to hear that the German delegation had joined the French delegation in arguing that the figure should be calculated on a basis different to the basis used on previous occasions;
- (d) If discussion continued along these lines, the Community would be heading towards a crisis. She would therefore be grateful if the Chancellor could give his attention to the matter.

Mr. Teltschik said that he would convey the Prime Minister's concerns to the Chancellor but that he might not be able to let me have a reply until tomorrow. I said that it seemed possible that there would be an attempt to settle the question in Brussels today by voting and that in that case the crisis to which I had referred could be upon us. I therefore very much hoped that the Chancellor would be able to consider the matter straightaway and that there would be urgent contact with the German delegation in Brussels.

/ I am

CONFIDENTIAL

SE

CONFIDENTIAL

- 2 -

I am copying this letter to John Kerr (H.M. Treasury) and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL