

Prime Minister

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Agree that we should make  
a further advance payment  
of £100 to £120m.?



ASC SW

Yes mk

A.J.C.  $\frac{9}{9}$

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

J Coles Esq.  
No. 10 Downing Street

8 September 1983

Dear John,

FURTHER ADVANCE PAYMENT TO THE EUROPEAN COMMISSION

You will recall that since June we have been making advance payments to the Commission of own resources. (Only the June payment, of course, was a true advance; the others have been a "recycling" to ensure that there is no gap in the provisions.) We have now received the expected request to advance the payment of August's traditional own resources to 20 September. The payment will once again be some £100-120 million.

2. The Chancellor recognises that it may appear tempting to refuse to make this advance payment while the £42 million threshold from our refunds on 19 July remains in dispute. He is convinced however that this would be inappropriate. First, refusing to make the advance would only delay for a month the payment of August's traditional own resources. To obtain the £42 million we would have to withhold part of our normal own resource payment. Second, withholding the advances now could put at risk the much larger refunds to us provided for in the 1983 Supplementary Budgets. Third, given the negotiations on long-term financing have only just begun and that these are supposed to be complete by the Athens Council, it would be unwise to expose ourselves to criticism from other Member States, who are all paying the advance. To refuse to pay would not assist our case for the safety-net and the CAP financial guideline. If the Prime Minister agrees, therefore, he proposes that payment should be made using the same procedure as in previous months.

3. Looking further ahead, we shall probably be faced with at least one and possibly more further requests for advances before the 1983 Supplementary Budget comes back to the Council. The Chancellor thinks that the reasons which justify making the September advance will be still valid for these later requests and he proposes that we should probably meet them in the same way. Our strategy now should be to mount a sustained campaign (beginning with the Foreign Affairs Council on 19 September) to make it clear to our partners that we are not going to let the issue drop and to get the £42 million restored. There are several methods by which the money can be got back into the 1983 Budget. We will need to review the most effective means of proceeding when the Supplementary Budget comes back to the Council, probably in November.





6. I am sending copies of this letter to the Private Secretaries to the Foreign Secretary, members of OD(E) and the Attorney General and to Sir Robert Armstrong.

*Yours ever,*

*Judith*

JUDITH SIMPSON

THE NATIONAL ARCHIVES  
COLLEGE PARK, MARYLAND  
20540

Mr. [illegible]

[illegible]

UNITED STATES

19 SEP 1983





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OD(E) DTI✓ FCO✓  
NIO✓ A.G.✓  
LPS✓ C.O.✓  
MAFF✓

10 DOWNING STREET

*From the Private Secretary*

12 September, 1983

FURTHER ADVANCE PAYMENT TO THE EUROPEAN COMMISSION

Thank you for your letter of 8 September.

The Prime Minister agrees with the recommendation of the Chancellor of the Exchequer that we should meet the Commission's request to advance a sum in the region of £100 - 120 million in respect of August's traditional own resources, using the same procedure as in previous months.

The Prime Minister has expressed no view on paragraph 3 of the letter under reference.

I take it that the numbering of the last paragraph of the letter was an error. If I am wrong, and I have therefore received an incomplete version of the letter, I should be grateful if you could send me the full version.

I am sending a copy of this letter to Roger Bone (Foreign and Commonwealth Office), the Private Secretaries of the members of OD(E) and to Henry Steel (Attorney General's Office) and Richard Hatfield (Cabinet Office).

A. L. COLES

Miss J. Simpson,  
HM Treasury

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