

NOTE TO PRESS OFFICERS

EC BUDGET

1. Our line on the Mandate settlement should be based on Mr Pym's remarks to the press in Brussels at 3.00 a.m. this morning (text attached 'A'), and on the line approved for use by Mr Hurd today (text attached 'B'). Last night's press line is attached at 'C' and the text of the agreement at 'D'.

2. The main points are as follows:

On the Record

3. This was a fair agreement. It was a long and difficult negotiation, but the outcome is satisfactory. Mr Pym will make a full report to the House of Commons on 26 May. The following therefore are only interim comments.

4. Mr Pym was pressed to accept 800 million ecu. He achieved 850 million ecu (£500 million) as refund for 1982.

5. After long discussion, agreement was reached on a 'risk sharing arrangement' which would ensure that if the Commission's estimate for the unadjusted net contribution is substantially exceeded in practice there will be proper compensation (details attached to last night's line at 'C').

6. We have agreed to decide on a longer term solution before the end of November this year.

Q: Too many British concessions?

A: Agreement requires goodwill on all sides but, taken over the three year period of the May 1980 agreement it will be seen to provide a satisfactory settlement.

Q: Trop payé?

A: There is no legal obligation upon us in the terms of the 30 May 1980 agreement to take any account of the fact that the Commission estimates were wrong and that we therefore did rather better than anybody expected.

(This did not mean that nobody else did less well - the French for example did notably well.) But nevertheless it was partly on this ground that we agreed to accept a somewhat lower figure than would otherwise have been reasonable.

NF

25 May 1982