

ADVANCE COPIES

FLASH

FRAME: GENERAL

31 ~~9~~ MARCH 1984

FCO
PS
PS/LADY YOUNG
PS/MR RIFKIND
PS/PUS
~~PS/TICKELL~~
SIR C TICKELL
MR HANNAY
MR ADAMS

~~SECRETARY~~
ED/ECG (I) (3)
ED/NEFS
ED/ECG (E) 3
ED/ERS
ED/

FILE FOR
Mr Heath

<p>CABINET OFFICE MR D WILLIAMSON MR STAPLETON MISS S J LAMBERT MR DURIE <i>MR Pearson</i></p>	<p>DOT <i>1310</i> MR R GRAY MR R WELLS (WEG) MR R WELLS (WEG)</p>	<p>FILE OGD ODA MR L STANTON</p>
<p>HM TREASURY MR J G LITTLE MR J B UNWIN MISS JE COURT <i>MR J C MORTIMER</i></p>	<p>MAFF SECRETARY <i>ANDREWS</i></p>	<p>MR KENT CUSTOMS PEX MR COLES No 10</p>

CONFIDENTIAL
 FRAME GENERAL/ECONOMIC
 FM UKREP BRUSSELS 221224Z MAR 84
 TO FLASH FCO
 TELEGRAM NUMBER 1050 OF 22 MARCH
 INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS
 BONN LUXEMBOURG ATHENS
 INFO LISBON MADRID.

M I P T.
 FOLLOWING IS TEXT OF GERMAN PROPOSAL.
 CHANCELLOR KOHL'S COMPROMISE PROPOSAL.

1. COMPENSATION FOR THE U K WOULD BE FIXED FOR 5 YEARS.
2. EACH YEAR THE U K SHALL RECEIVE 1000 MECUS NET IN THE FORM OF A VAT ABATEMENT.
3. THE COMPENSATION WILL BE FINANCED BY THE OTHER MEMBER STATES ACCORDING TO THE NORMAL VAT SHARES EXCEPT IN THE CASE OF GERMANY WHICH WOULD CONTRIBUTE TWO THIRDS OF ITS NORMAL VAT SHARE : THE OTHER 8 MEMBER STATES WOULD FINANCE THE REMAINING ONE THIRD ON THE BASIS OF THEIR NORMAL VAT SHARE.
4. AFTER THE 5 YEARS THE COMPENSATION PROPOSED BY THE PRESIDENCY WILL ENTER INTO FORCE.

FCO ADVANCE TO:
 FCO - PS PS/MR RIFKIND PS/PUS TICKELL HANNAY WALL
 CAB - WILLIAMSON STAPLETON DURIE
 MAFF - ANDREWS
 TSY - UNWIN
 NO 10 - COLES

BUTLER