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A. & C. 26/3  
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FOREIGN AND COMMONWEALTH SECRETARY

POST EUROPEAN COUNCIL NEGOTIATIONS: BUDGETARY DISCIPLINE

I have now had a chance to study the chapter of the final Presidency draft text on budgetary discipline.

2. There was not time for us to have a word about it this morning, but there are a couple of points I should like to put to you.
3. In general, it is not a bad text. It could provide the basis for agreeing satisfactory arrangements in the second stage negotiations. But, despite the helpful wording of paragraph 3, it still does not itself secure the principal objective we set ourselves before the European Council - that the arrangements should be embodied in the Community's budgetary procedures in a form binding on all three institutions.
4. In the discussions at the Foreign Affairs Council next Tuesday, therefore, I hope you will try to secure a further amendment to achieve this. This could be done by adding to the end of paragraph 3 the words "so that they are embodied in the Community's budgetary procedures in a form binding on all three institutions".
5. If you cannot secure this amendment, I hope you can at least make it absolutely clear that, in the follow-up negotiations, we shall interpret paragraph 3 as requiring procedural changes in the above sense. Again, consistent with the line we have previously taken, this will not necessarily entail Treaty amendment; but it will not preclude it.

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6. I think also that, given the technical nature of the follow-up, the invitation in paragraph 3 should be explicitly addressed to Finance Ministers - ie the ECOFIN Council. It is most important that, for example, Delors and Stoltenberg should be directly involved.

7. I am copying this minute to the Prime Minister, to Michael Jopling and to Sir Robert Armstrong.

*Judith Simpson*

NL  
23 March 1984

*approved by the Chancellor.*

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