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106 - Wm.

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GR - please do file.

Prime Minister

MEETING WITH TERENCE HIGGINS MP AND OTHER BACKBENCH MEMBERS

Terence Higgins asked if he could bring some back-bench Members to see you to discuss the European Community budget settlement.

I attach some briefing which has come from the Foreign Office.

The following will be attending the meeting:

Terence Higgins

Angela Rumbold

David Heathcoat-Amory

Eric Forth

Marion Row

Michael Stern

Bowen Wells

Alan Howarth

Tim Yeo

Nicholas Baker

Peter Lloyd

+ MA

Chief Whip

John Coles

Charles Powell

Negotiations - Budget - C.B.P.

- Own Resources

Public Expenditure cuts

Income - Lack of

budgetary control.

Structural
Surplus ←

C.B.P.

Budget & Agriculture

Retained - Inc. own resources -

Inc. own resources paid on refund.

Spain - Portugal

11.6.84



PRIME MINISTER'S MEETING WITH THE RT HON ██████████ TERENCE HIGGINS MP:
12 JUNE

Parliamentary procedures which would be necessary following
any agreement on the EC budget problem

Line to Take

1. The proposal on budget imbalances put forward by the French Presidency at the Brussels European Council on 19/20 March envisages that the corrective mechanism would form part of a revised Own Resources Decision. This would require the unanimous consent of Member States and approval by national Parliaments. The Government would expect to lay a draft order in Council under Section 1(3) of the 1972 European Community Act and this draft order would need to be approved by both Houses of Parliament.
2. As far as budget discipline is concerned the necessary parliamentary procedures would depend on what measures are agreed for implementing the arrangements provisionally agreed by the March European Council.



Background

1. If an increase in Own Resources is agreed, it would almost certainly be implemented by replacing the 1970 Own Resources Decision by a revised Own Resources Decision. The French Presidency text on budget imbalances provisionally agreed at the Brussels European Council envisaged that the new corrective mechanism would also be embodied in the revised Own Resources Decision.

2. Although the original Own Resources Decision does not bear the title of 'treaty' it has the character of a treaty ancillary to the EC Treaty, being made under the powers given in Article 201 of that Treaty and requiring approval by each Member State in accordance with its respective constitutional procedures. The original Decision, as a treaty ancillary to the EC Treaty, therefore comes within the definition of a 'Community Treaty' in Section 1(2) of the European Community Act 1972. Any replacement Own Resources Decision will have the same character, and so it would be appropriate for Parliamentary approval to be sought through the procedure set out in Section 1(3) of the Act for designation of instruments of the same character as those specified in Section 1(2) to which the UK accedes after the Act ie, by Order in Council requiring the approval of both Houses of Parliament.

3. Were agreement to be reached on budget imbalances and new own resources, the procedure would be:



(a) the Commission would submit a proposal for a decision to the Council of Ministers which, in the UK, would be subject to Parliamentary Scrutiny in the usual way;

(b) that decision could only be adopted by unanimity in the Council of Ministers. If it were so agreed, it would then be recommended for adoption by the Member States in accordance with their respective constitutional requirements;

(c) in the case of the UK, the Government would lay a draft Order in Council under Section 1(3) of the European Communities Act 1972. This would require the approval of both Houses of Parliament;

(d) if approved by Parliament, the Section 1(3) Order would be submitted to the Privy Council;

(e) following Privy Council enactment, the Secretary General of the Council of Ministers would be informed of the completion of the UK constitutional procedures.

4. The precise procedures in other Member States would vary according to their respective constitutional requirements, but approval by the National Parliament would be required in each case.

5. As far as budget discipline is concerned, the necessary parliamentary procedures would depend on what measures were agreed for implementing the guidelines provisionally agreed at the Brussels European Council. Our aim is to keep open all procedural options, including amendment to the Treaty of Rome,

/which



which would be the surest way of binding the Council, the Commission and the European Parliament to observe the proposed guidelines for Community expenditure.