

# CONFIDENTIAL

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FRAME EXTERNAL

FM UKREP BRUSSELS 301430Z AUG 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2676 OF 30 AUGUST

INFO PRIORITY ROME PARIS BONN LISBON MADRID

## BUDGETARY POSITIONS OF SPAIN AND PORTUGAL AFTER ACCESSION

### SUMMARY

1. A CONFIDENTIAL COMMISSION REPORT ESTIMATES THAT SPAIN WILL BE A NET CONTRIBUTOR TO THE BUDGET FOR THE FIRST 8 YEARS AFTER ACCESSION.

### DETAIL

2. GOODCHILD (DG1, COMMISSION) HAS TOLD US IN STRICT CONFIDENCE THAT A COMMISSION DOCUMENT WITH VERY RESTRICTED CIRCULATION SHOWS THAT ON THE LATEST ASSESSMENT SPAIN IS LIKELY TO BE A NET CONTRIBUTOR TO THE COMMUNITY BUDGET FOR THE FIRST EIGHT YEARS AFTER ACCESSION. HER NET CONTRIBUTION WOULD BE ABOUT 1 BILLION ECU IN THE FIRST YEAR, DIMINISHING GRADUALLY UNTIL SHE BECAME A NET BENEFICIARY IN YEAR 9. THIS IS BASED ON THE COMMUNITY POSITION SO FAR ON AGRICULTURE, ASSUMES NO (NO) REFUND ON PAYMENTS SIMILAR TO ARTICLE 127 OF THE GREEK TREATY AND COULD BE A LITTLE IMPROVED FOR SPAIN IF THE COMMUNITY IS GENEROUS ON RESTRUCTURING AID ON FISHERIES. BUT A MAJOR PROBLEM WOULD REMAIN.

3. ACCORDING TO THE ASSESSMENT, THE POSITION FOR PORTUGAL IS DIFFERENT, BECAUSE THE COMMUNITY HAD AGREED MORE GENEROUS TERMS ON AGRICULTURE GUIDANCE EXPENDITURE, AND ERDF AND ESF RECEIPTS WILL BE OF PROPORTIONATELY MORE BENEFIT TO THE PORTUGUESE. PORTUGAL IS ESTIMATED TO BE A NET CONTRIBUTOR ONLY IN THE FIRST YEAR OF TRANSITION AND A MODEST BENEFICIARY FOR THE REST. THE ASSESSMENT IS BASED ON ERDF RECEIPTS OF ABOUT 90 MECU IN THE FIRST YEAR GOING UP TO AROUND 300 MECU.

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4. THE COMMISSION PAPER IS BEING TREATED WITH MORE CARE THAN USUAL, AND IT IS IMPORTANT TO RESPECT GOODCHILD'S CONFIDENCE. WE SHALL TRY TO OBTAIN A COPY, AND YOU WILL NOT WISH TO DRAW ANY CONCLUSIONS WITHOUT CHECKING THE FIGURES. BUT IF THE ASSESSMENT IS CONFIRMED AND BECOMES PUBLIC IN ITS PRESENT FORM WHILE THE POST-FONTAINEBLEAU DISCUSSION OF THE REVISED 'OWN RESOURCES' DECISION IS STILL INCOMPLETE, THERE IS A RISK THAT OTHER MEMBER STATES WILL TRY TO FORCE US TO CONTRIBUTE NORMALLY TO ALLEVIATION OF SPAIN'S BUDGET PROBLEMS BY BRINGING THEM ( AND THE PORTUGUESE) INTO THE SCOPE OF THE FONTAINEBLEAU ARRANGEMENT OR (LESS DIFFICULT FOR US TO RESIST) PROPOSE THAT WE CONTRIBUTE NORMALLY TO A GREEK-TYPE ARRANGEMENT. ON THE OTHER HAND EXPENDITURE IN SPAIN WILL AUTOMATICALLY QUALIFY FOR UK REBATE UNDER THE FONTAINEBLEAU AGREEMENT.

FCO ADVANCE TO:

FCO - RENWICK, CROWE, MISS EVANS ECD(E)  
CAB - WILLIAMSON, MS LAMBERT  
DTI - MISS LACKEY, BROTHERTON  
MAFF - MRS ATTRIDGE, ANDREWS, MELVILLE  
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