

*Pl. Help on  
Jole*

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DD BONN 041200Z  
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TO IMMEDIATE BONN  
TELEGRAM NUMBER 463 OF 4 SEPTEMBER  
INFO IMMEDIATE UKREP BRUSSELS (PERSONAL FOR SIR M BUTLER)  
INFO PRIORITY (PERSONAL FOR AMBASSADORS) OTHER EC POSTS  
FOLLOWING PERSONAL FOR AMBASSADOR AND PS/MR RIFKIND  
EC BUDGET NEGOTIATIONS

1. THE PRIME MINISTER HAS AGREED THAT IT SHOULD BE OUR AIM TO GET THE OUTSTANDING BUDGET ISSUES SETTLED AS SOON AS POSSIBLE AND IN RELATION TO ONE ANOTHER. WE SHOULD ONLY BE PREPARED TO CONSIDER MODIFYING OUR POSITION ON THE FINANCING OF THE 1984 OVERRUN IF CERTAIN CONDITIONS WERE FULFILLED.

2. IT WOULD BE HELPFUL IF MR RIFKIND WOULD EMPHASISE TO RUHFUS AND VAN EEKELEN:

(A) WE INTEND TO TRY TO SETTLE ALL THE OUTSTANDING POST-FONTAINEBLEAU QUESTIONS AS SOON AS POSSIBLE AND IN RELATION TO ONE ANOTHER - IE BUDGET DISCIPLINE (ABOVE ALL) AND THE OWN RESOURCES DECISION AS WELL AS THE 1984/85 BUDGET PROBLEMS (INCLUDING THE METHOD OF PAYMENT OF THE UK REBATE FOR 1984). THE PARLIAMENT MUST OF COURSE BE BROUGHT TO RELEASE OUR 1983 REFUNDS.

(B) THE TASK OF THE BUDGET COUNCIL MUST BE TO ACHIEVE AGREEMENT ON AN IRREDUCIBLE MINIMUM FOR THE 1984 OVERRUN. THE FIGURE PUT FORWARD BY THE IRISH PRESIDENCY (1350 MECU) MUST BE FURTHER REDUCED. WE NEVERTHELESS RECOGNISE THAT, EVEN AFTER FURTHER SAVINGS, THERE IS LIKELY STILL TO BE A RESIDUAL OVERRUN TO BE FINANCED.

(C) WE COULD CONSIDER ANY DIRECT FINANCING OF THE RESIDUAL 1984 DEFICIT BY A SUPPLEMENTARY BUDGET THROUGH INTER-GOVERNMENTAL AGREEMENT IF AND ONLY IF THE OTHER BUDGETARY ISSUES HAD ALSO BEEN RESOLVED (INCLUDING THE MEASURES NECESSARY TO GUARANTEE THE EFFECTIVE APPLICATION OF BUDGET DISCIPLINE, RELEASE OF OUR 1983 REFUNDS AND AGREEMENT ON THE ARRANGEMENTS FOR



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PAYMENT OF OUR 1984 REFUNDS.)

(D) THE PARLIAMENT'S ACTION IN HOLDING UP PAYMENT OF OUR 1983 REFUNDS HAS RENDERED THESE ISSUES HARDER TO RESOLVE. THE DUTCH AND GERMAN MEPS PLAYED A PROMINENT ROLE IN THAT ACTION. IF THE PARLIAMENT PERSISTED A VERY SERIOUS SITUATION WOULD ARISE.

(E) THERE WILL BE NO POSSIBILITY OF OUR OWN PARLIAMENT APPROVING THE NEW OWN RESOURCES DECISION, OR SUPPLEMENTARY FINANCING IN 1984, IN THE ABSENCE OF MEASURES GUARANTEEING THE EFFECTIVE APPLICATION OF BUDGET DISCIPLINE. IN PARTICULAR WE WANT A COUNCIL REGULATION EMBODYING THE CONCLUSIONS OF THE BRUSSELS EUROPEAN COUNCIL ON THE AGRICULTURAL GUIDELINE.

(F) IT WILL NOT BE POSSIBLE TO FIND A WAY THROUGH THE BUDGET ISSUES UNLESS THERE IS AGREEMENT TO BRING NEW OWN RESOURCES FORWARD IN 1985. WE ATTACH FUNDAMENTAL IMPORTANCE TO RESPECT FOR THE PROVISIONS OF THE TREATIES CONCERNING THE FINANCING OF THE BUDGET THROUGH THE OWN RESOURCES. THERE COULD BE NO QUESTION OF FINANCING ANY PART OF THE 1985 BUDGET OUTSIDE THE OWN RESOURCES SYSTEM.

3. FURTHER GUIDANCE WILL FOLLOW ON THE MANNER IN WHICH THESE POINTS SHOULD BE PUT ACROSS IN OTHER EC CAPITALS.

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