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FM UKREP BRUSSELS 311600Z OCT 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 3551 OF 31 OCTOBER.

PARLIAMENT'S BUDGET COMMITTEE.

U.K COMPENSATION FOR 1984.

*Another irritating  
e meaningless gesture  
by the Parliament.*

## SUMMARY

1. PARLIAMENT'S BUDGETS COMMITTEE TODAY VOTED 26 TO NIL IN FAVOUR OF AN AMENDMENT PUTTING U.K COMPENSATION ON THE EXPENDITURE SIDE OF THE 1985 BUDGET.

## DETAIL

2. THIS MORNING ARNDT (GERMAN SOCIALIST) PROPOSED THAT THE COMPENSATION FOR THE U.K AND GERMANY IN RESPECT OF 1984 SHOULD BE INCLUDED IN CHAPTER 100 ON THE EXPENDITURE SIDE OF THE 1985 BUDGET. HE SOUGHT THE REACTION OF THE EUROPEAN DEMOCRATIC GROUP. BARBARELLA (ITALIAN COMMUNIST) INTERVENED TO SUGGEST THAT IT MIGHT BE MORE CONSTRUCTIVE (SIC) IF THE MONEY WAS PUT ON LINES RATHER THAN IN CHAPTER 100. DOURO (EDG SPOKESMAN) SAID THAT IF THE COMMITTEE WAS GOING TO PROPOSE THAT THE COMPENSATION BE ON THE EXPENDITURE SIDE, IT WAS ESSENTIAL THAT IT SHOULD BE ON THE LINE. ON THIS UNDERSTANDING HE COULD SUPPORT THE AMENDMENT. OTHER MEMBERS OF THE GROUP AND THE BRITISH SOCIALISTS ALSO INDICATED SUPPORT.

3. BEFORE THE COMMITTEE VOTED ON THIS PROPOSAL IN THE AFTERNOON, THE FINANCIAL COUNSELLOR LOBBIED CURRIE, DOURO AND ELLES (EDG) AND PITT AND TOMLINSON (BRITISH SOCIALIST) NOT TO SUPPORT THE AMENDMENT. HE POINTED OUT THAT IT FLATLY CONTRADICTED THE FONTAINEBLEAU CONCLUSIONS THAT IN FUTURE U.K COMPENSATION SHOULD BE ON THE REVENUE SIDE. LAST WEEK IN THE PLENARY SESSION ALL BRITISH MEPS HAD VOTED AGAINST THE PFENNIG RESOLUTION ON THE DRAFT OWN RESOURCES DECISION PRECISELY BECAUSE IT SOUGHT TO UNDO THE CONCLUSIONS OF THE EUROPEAN COUNCIL ON BUDGETARY IMBALANCES. IT WOULD THEREFORE BE LOGICAL AND CONSISTENT FOR THEM TO VOTE AGAINST THE PRESENT AMENDMENT. CURRIE ARGUED THAT THEY HAD OPTED FOR THE LESSER OF TWO EVILS. PRESSED FURTHER, HE SAID THAT THEY HAD JUDGED IT NECESSARY TO GIVE GROUND ON THIS POINT IN ORDER TO ENSURE THE DEFEAT OF OTHER UNDESIRABLE AMENDMENTS CONCERNING REVENUE. ALL THE MEPS STRESSED THE IMPORTANCE TO THEM OF BUILDING BRIDGES WITH THE OTHER GROUPS IN THE COMMITTEE AFTER 4 YEARS OF ISOLATION BECAUSE OF THE U.K BUDGET PROBLEM AND ASKED US TO BEAR IN MIND THEIR POLITICAL AND TACTICAL SITUATION WITHIN THE PARLIAMENT. HOWEVER, AT THE END OF

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SEPARATE CONVERSATIONS EACH OF THE 3 EDG MEMBERS SAID THAT THEY WOULD VOTE AGAINST THE AMENDMENT IN THE PLENARY AND WOULD EXPECT THE GROUP AS A WHOLE SO TO DO. OUR CONVERSATION WITH PITT AND THOMLINSON WAS EXTREMELY BRIEF. THEY CLAIMED THAT THEIR VOTE HAD BEEN FOR TACTICAL RATHER THAN SUBSTANTIVE REASONS AND THEY UNDERTOOK TO EXPLAIN THEM TO US AFTER THE MEETING.

4. COMMENT: IT WOULD UNDOUBTEDLY BE DAMAGING IF THE EDG, AND EVEN IF THE BRITISH SOCIALIST, WERE TO VOTE IN FAVOUR OF THIS AMENDMENT IN THE PLENARY BEGINNING ON 12 NOVEMBER. IN VIEW OF THE PREDICTION OF CURRIE AND HIS COLLEAGUES THAT THE EDG WOULD IN THE EVENT VOTE AGAINST WE SHOULD NOT PERHAPS OVER-REACT, BUT I WOULD RECOMMEND THAT AN OPPORTUNITY BE SOUGHT TO IMPRESS UPON THE LEADERSHIP OF THE GROUP THAT A VOTE FOR THIS AMENDMENT WOULD BE MOST UNHELPFUL.

FCO ADVANCE TO:

FCO - P.S/MR RIFKIND, FAIRWEATHER, WALL.  
CAB - WILLIAMSON, STAPLETON.  
TSY - P.S/ECONOMIC SECRETARY, FITCHEW, LENNON.

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