

GRS 329

CONFIDENTIAL

FRAME ECONOMIC

FM FCO 211800Z SEP 82

TO IMMEDIATE PEKING (FOR THE PRIME MINISTER'S PARTY)

TELEGRAM NUMBER 429 OF 21 SEPTEMBER

AND TO IMMEDIATE TOKYO (FOR THE PRIME MINISTER'S PARTY), AND

WASHINGTON (FOR THE CHANCELLOR OF THE EXCHEQUER)

REPEATED FOR INFORMATION TO UKREP BRUSSELS, PARIS

COMMUNITY BUDGET: 1982 REFUNDS

1. PLEASE PASS THE FOLLOWING PERSONAL MESSAGE FROM ME TO THE
PRIME MINISTER AND THE CHANCELLOR OF THE EXCHEQUER:

BEGINS: THE FOREIGN AFFAIRS COUNCIL LAST NIGHT WERE UNABLE

TO AGREE TO THE PRECISE ARRANGEMENTS FOR THE IMPLEMENTATION

OF THE 25 MAY AGREEMENT FOR UNITED KINGDOM REFUNDS IN RESPECT

OF THE 1982 COMMUNITY BUDGET OWING TO THE OBSTRUCTIVE TACTICS

OF THE FRENCH WHO WERE VIRTUALLY ISOLATED. THE FRENCH MINISTER



Prime Minister

A.S.C. 22/9

CHANDERNAGOR, MADE REPEATED ATTEMPTS TO GET THE COUNCIL TO
AGREE THAT PART OF THE REFUNDS DUE TO THE UNITED KINGDOM
SHOULD BE DEDUCTED FROM THE RESTITUTION OF THE ALLEGED OVER-
PAYMENTS IN RESPECT OF 1980 AND 1981. THIS WOULD HAVE BEEN
HIGHLY PREJUDICIAL TO THE FORTHCOMING NEGOTIATIONS. I POINTED
OUT THAT THE 25 MAY AGREEMENT STATED CLEARLY THAT THE QUESTION
OF ANY CORRECTIONS FOR 1980 AND 1981 WOULD BE TAKEN INTO ACCOUNT
DURING THE NEGOTIATIONS ABOUT 1983 AND LATER. BY THE END OF A
LONG AND TEDIOUS MEETING, SKILFULLY CHAIRED BY THE NEW DANISH
FOREIGN MINISTER, ELLEMANN-JENSEN, ALL THE OTHER MEMBER STATES
AND THE COMMISSION ACCEPTED A FORMULA WHICH WAS CONSISTENT
WITH THE UNITED KINGDOM'S INTERPRETATION.

MY IMPRESSION FROM CHANDERNAGOR'S BEHAVIOUR WAS THAT HE WAS
UNDER INSTRUCTIONS FROM THE FRENCH GOVERNMENT NOT TO AGREE.
WHEN I SEE CHEYSSON IN PARIS TOMORROW I WILL DRIVE HOME THE
POINT THAT THE 1982 SETTLEMENT IS SELF-CONTAINED AND THAT THE
FRENCH GOVERNMENT WILL BE RUNNING SERIOUS RISKS IF THEY PERSIST
IN THEIR ATTEMPTS TO RENEGE ON ITS TERMS.

IT IS NOW THE GENERAL DESIRE TO USE SAVINGS IN THE 1981
AND 1982 BUDGETS TO FINANCE OUR 1982 REFUNDS. FOR TECHNICAL
REASONS THIS GIVES US A LITTLE MORE TIME TO SORT THINGS OUT.

ENDS

PYM