

January 26, 1981

£270M TO U.K. UNDER FINANCIAL MECHANISM AND

SUPPLEMENTARY MEASURES

The European Commission has authorised payment of £210.5m to the United Kingdom under the terms of the revised financial mechanism, which limits the level of gross contributions of member states to the EEC budget. The financial mechanism was revised following the Council of Ministers' agreement on the UK budget contribution on May 30, 1980.

A further payment of £60m has been agreed as a Community contribution to public expenditure programmes in the United Kingdom, under the scheme for supplementary measures. This tranche goes towards the programmes of road and rail construction water and sewerage schemes, improved telecommunications and advance factory building in the North West of England and in Wales, as summarised in our press release ISEC/42/80. The EEC contribution to these two regional programmes will amount to £177.3m, of which £97.6m was agreed in December.

The Council agreement of May 30 gave a mandate to the Commission to carry out a basic examination of the development of Community policies. It authorised the payment to the United Kingdom of 1 175m ECU - just over £703m at the 1980 average exchange rate. The money is being made available in two ways. First it will flow to the UK under the financial mechanism regulation as amended, the payment of £210.5m being the first tranche. It will also come under Council regulation 2274/80, which established supplementary measures through the Regional Fund.

The £210.5m to be transferred to the British Treasury under the financial mechanism represents 75 per cent of the total of 469m ECU retained in the 1981 budget adopted by the European Parliament on December 23, 1980. The money was converted to sterling at the average exchange rate for 1980 - 1 ECU: 0.598488.

As provided under the regulation, the Commission will calculate the final amount of payment and settle the balance after the revenue and expenditure account for 1980 has been finalised and the other data required becomes available.

The payments are made under Council regulation 1172/76 as amended by Council regulation 2743/80 of October 27, 1980.

On December 31, 1980, Regional Commissioner Antonio Giolitti signed the first of these supplementary measures, authorising payment of about £100m to the United Kingdom. This was part of a Community contribution of £177.3m in support of public works programmes in Wales and the North West of England. The additional payment of £60m takes the contribution up to 90 per cent for these two programmes. The remaining 10 per cent is payable once the expenditure by the national authorities has been completed.

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