



# BRITISH INFORMATION SERVICES

## POLICY AND REFERENCE DIVISION

March 13, 1975

POLICY STATEMENTS

### 23/75. EUROPEAN COMMUNITY: RESULTS OF RENEGOTIATIONS

Mr. Harold Wilson, Prime Minister,  
in the House of Commons on March  
12, 1975:

449(57)

On March 12, the Prime Minister, Mr. Harold Wilson, reported to the House of Commons on the meeting of the European Council of the Heads of Government of the European Community which took place in Dublin on March 10 and 11. The Prime Minister announced that agreement had been reached on the two outstanding renegotiation issues -- the budget correcting mechanism and access and pricing provision for New Zealand dairy products. He told the House:

"I made clear to the other members of the Council that, with these agreements on the budget and on New Zealand, we had now taken our discussions within the Community on renegotiation as far as they could go. The Cabinet will shortly be re-viewing what has been achieved over the last year in the renegotiation as a whole, on the basis of the objectives set out in our Party manifestos of February and October last year. I expect to announce the Government's decision to Parliament before the Easter recess."

The Prime Minister explained that the budget agreement

"... was based on proposals made by the Commission... Certain suggestions for modifying these proposals which would have had the effect of making them less favorable to us were not accepted. On the other hand we secured some changes to our advantage... The two main changes were on the operation of the balance of payments criterion and on the limits on refunds."

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The Prime Minister described the defects of the balance of payments criterion originally proposed by the Commission:

"A member state would have ceased to be eligible for a budget refund if it had run a balance of payments surplus on average for three years."

Under the agreed modification, the Prime Minister said, such a country

"... can continue to qualify for a refund related to its VAT contribution provided that it meets other criteria."

On the limits of refund Mr. Wilson explained that the Commission's proposal had been that refunds should be limited to two-thirds of the amount by which a country's share of the budgetary contribution exceeded its share of the Community's GNP. Instead of the two-thirds limitation, the Council had

"... agreed upon a ceiling of 250 million units of account on the amount of refund to any qualifying country in any single year. This would give a refund at current exchange rates of up to about £125 million in any year to a member state that qualifies. It was also agreed that, if and when the total Community budget came to exceed 8,000 million units of account, the ceiling from then on should be 3% of the budget total.

"The arrangements which the Community has now agreed if Britain remains a member of the EEC give us an assurance of a repayment in hard cash if we find ourselves in the future paying an unfair share of the Community budget."

On New Zealand dairy products:

"... it was agreed that annual imports of butter for the first 3 years after 1977 (1978-1980) may remain close to deliveries in 1974 and 1975..."

The Heads of Government also accepted the need for periodic review of the prices received by New Zealand, and provided for these to be adjusted as necessary, taking account of, among other things, future developments in the levels of Community intervention prices. The arrangements for cheese under the existing protocol signed in 1972 would expire altogether in 1977, and new arrangements would be discussed probably during the coming summer.

In addition to the renegotiation items, the summit agenda included talks on the economic situation in the Community, Cyprus,

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energy, the Conference on Security and Cooperation in Europe, and the British Government's proposals on the subject of raw materials and food supply. On this last item, the Prime Minister told the House:

"In the discussion of the supply of raw material and food, I outlined to the Council the Government's general approach to the need for further cooperation between developed and developing countries in respect of supplies and prices of raw materials and primary commodities. This is a field in which the Community must work together, building on what has already been achieved in the recent Lome Convention -- and I made clear to the other Heads of Government that we hope to develop our own ideas further at the Commonwealth Prime Minister's Meeting at the end of April."

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