



Prime Minister

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PARLIAMENTARY UNDER SECRETARY OF STATE FOR EMPLOYMENT

European Social Fund: 1986 Allocations

1. Thank you for your letter of 29 April. I agree that the fall in the UK's share of the Social Fund this year is disappointing though, given the effects of enlargement, not unexpected.

2. We must keep up pressure on the Commission, but we cannot hope to improve our share of the fund for this year. In the circumstances, I think that, in public, we need to point to the positive aspects of the situation. Rather than describing the outcome as unsatisfactory we should point to the fact that all the EC10 countries except The Netherlands and Luxembourg have a reduced share of the fund and that we are still the second largest recipient.

3. I believe that once the Commission announce the 1986 allocations, our public line should be:

- The UK's receipts in 1986 amount to £280 million, which will help towards a number of important schemes of benefit to youth training and employment. We remain the second largest recipient from the fund.
- Spain and Portugal, as new and relatively poor members of the Community, have rightly secured a reasonable share of the fund. The proportion of the fund available for the EC10 countries has of course fallen in consequence.

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- Our share of allocations for EC10 countries is 20.75%. This represents a reduction on our 1985 share (23.6%), but this is largely a result of a change in the £/ecu exchange rate in which the pound has strengthened by 10% in the past year.

- There are some areas of the UK which we believe should be afforded greater priority from the Social Fund. We will continue to press the Commission on this point in order to secure maximum benefits in future years.

4. I am copying this minute to other members of OD(E) and to the Prime Minister, Nicholas Edwards, Malcolm Rifkind, Kenneth Baker and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

1 May 1986

