



MWB 300/9. (39)

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19 SEPT 1988

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CABINET OFFICE

IND. 1

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Qz 06147

John Kerr Esq  
Foreign and Commonwealth Office

Dear John,

*ehw+pa*  
*19/x.*  
*JK*

*Done 9/9*  
*1. cc Mr Webb*  
*Mr Collett*  
*2. JOK again.*  
*This is quite good -*  
*but I think my wife is*  
*5 September 1988*  
*better! What do you*  
*think.*  
*JOK*  
*5/ix.*

PRIME MINISTER'S SPEECH IN BRUGES

Charles Powell's letter of 2 September asked the Cabinet Office to coordinate a possible passage on the CAP for this speech.

One way to meet this remit, which I gather would be acceptable to No 10, would be to include a fuller reference to agriculture at the end of the present section on "Europe open to the world". The idea would be to take out the existing brief references to agriculture on pages 43 and 45 and substitute a rather more extended passage to follow immediately after the existing first sentence on page 45.

MAFF and we have together worked up the attached piece accordingly which they will show to their Minister in the course of the day (he will be unavailable later). Perhaps you and others could say if you would be content for this to be offered to No 10.

*Low 3 cover,*  
*R G Lavelle*  
R G LAVELLE

cc Christopher Roberts, DTI  
Richard Allen, HMT  
Richard Carden, MAFF

## PRIME MINISTER'S SPEECH IN BRUGES

One of the key issues in the current GATT negotiations in agriculture. The need to reform support policies for agriculture is world-wide. But we cannot urge others to reform their agriculture unless we are prepared to continue the process in Europe.

Let there be no misunderstanding. I believe the common agricultural policy has played an essential role in the construction of Europe. The founding fathers were not wrong. Europe needs a stable and efficient farming industry. But the CAP has become unwieldy and inefficient. It has placed an unacceptable cost on our tax-payers and consumers. And production of unwanted surpluses neither safeguards the income nor the future of the farmers themselves.

This view is now widely shared in the Community. We have recently been able to agree on important reforms. The decisions we took this February mark out a major advance in controlling our spending on agriculture. But we must not let up.

We should not protect agricultural production from the impact of those same market forces which we are releasing to complete the single market. We must continue to reduce over-production and limit costs. In this way we shall not only make our own economies more competitive. We shall also avoid the damage which subsidized exports do the economies of developing countries and to Europe's relations with its major trading partners.