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Elmo Pol.

10 DOWNING STREET

From the Private Secretary

7 December 1979

Dear Sir,

Your Minister called on the Prime Minister this morning to discuss the position which he should take at next Monday's Agriculture Council when he would be proposing the 5% devaluation of the Green Pound.

Mr. Walker said that there was an outstanding Resolution that countries could devalue their Green Pounds if they were doing so to eliminate negative MCAs. The French were party to this Resolution. Moreover, they had not blocked the Danish devaluation earlier this week. However, it was still possible that they would try to cause difficulty for us, and perhaps also for the Italians who he had been informed were applying for a devaluation. It would be disgraceful if the French did try to block the devaluation. But if they did try he proposed to take a tough line and express his anger and indignation - and to refuse to offer any quid pro quo which they might demand, such as on sheep meat. He would be seeing the Lord Privy Seal later this morning to clear his line with him also.

The Prime Minister said that as far as she was concerned she fully agreed with the line which Mr. Walker proposed to take.

I am sending a copy of this letter to Michael Richardson (Lord Privy Seal's Office) and Martin Vile (Cabinet Office).

Tom

Tim Lambert.

Garth Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

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