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Dear Roger

PRIME MINISTER'S SPEECH IN BRUGES

I am grateful to you and John Holroyd for involving us in preparing a piece on the CAP for inclusion in the Bruges speech. Our Minister naturally wished to consider this and made a few changes to the draft we put to him this morning.

The enclosed text reflects these. It is only slightly revised from the version circulated earlier today with your letter to John Kerr and I hope it will not cause you or other Departments any difficulty.

Yours ever

Richard Carden

R J D CARDEN

cc: Mr J Kerr (FCO)
Mr C Roberts (DTI)
Mr R Allen (Treasury)
Mr J Holroyd (Cabinet Office)

PRIME MINISTER'S SPEECH IN BRUGES

Delete middle paragraph on p 43; replace middle paragraph on p 45 with:

"One of the key issues in the current GATT negotiations is agriculture. The need to reform support policies for agriculture is worldwide. 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 a high cost especially on our taxpayers, but also on consumers. And production of unwanted surpluses neither safeguards the income nor the future of farmers themselves.

"This view is now widely shared in the Community. In the last few years we have achieved some important reforms. The decisions we took this February mark a major advance in controlling our spending on agriculture. But we must not rest on this.

"We must continue to pursue policies which relate supply more closely to market requirements, and which will 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 subsidised exports do to the economies of developing countries and to Europe's relations with its major trading partners."