



PM/79/53

PRIME MINISTER

Prime Minister

Agree - X - ?

Jim  
12/6

1. At their meeting this morning the Sub-Committee on European Questions (OD(E)) considered two papers by the Minister of Agriculture.
2. The first outlined his approach to the forthcoming Common Agricultural Policy price negotiations, which are due to begin at the 18 June Agriculture Council, and was endorsed by the Sub-Committee on the basis of paragraph 4 of his memorandum OD(E)(79)13. (copy attached).
3. The second paper OD(E)(79)12 proposed a 7½% Green Pound devaluation from 1 July together with a further devaluation of 5% on pigmeat. The Sub-Committee were unable to reach agreement on this proposal. This was mainly because such a devaluation would increase the retail price index by 0.5% which would be in addition to any increases attributable to tomorrow's budget; a devaluation of this order would also leave little room for further Green Pound devaluation to offset agricultural cost increases in future years.
4. This issue needs to be settled before the Agriculture Council on 18 June. I therefore suggest that the proposed devaluation of the Green Pound be discussed at this Thursday's Cabinet on the basis of a memorandum by the Minister of Agriculture (already commissioned by the Sub-Committee) covering both CAP prices and the Green Pound.
5. I am copying this minute to all members of OD(E) and to Sir John Hunt.

A. Hunt

C

(CARRINGTON)

Foreign and Commonwealth Office

11 June 1979

CONFIDENTIAL



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