



Price Minute

1A

*This is the expected
minute on CAP.*

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Central Govt

PRIME MINISTER

Officials to consider

1981 CAP PRICE REVIEW

*Yes - if we can consider on the basis
held to be 5% increase at x?
- it will be a
great help. not*

The new Commission takes office on 5 January and its first important task will be to make proposals for the 1981 Farm Price Review. We are committed to a policy of severe price restraint and it is vital to our interests that the Commission do not recommend a high increase. There are no precedents for bargaining down the Commission's proposal.

*12
22/12*

2. They will be subject to pressures from agricultural interests for a settlement in double figures. The onus is very much on HMG to offset those pressures by effective advocacy of severe price restraint. To stand any chance of an outcome satisfactory to HMG, we shall need, in my view, to make it clear to the new Commission that our position will be that the price increase should not be higher than an average of 4-5 per cent.

x ||

3. I suggest that it would be helpful if officials could now consider this matter and advise on how best to make such representations to the new Commission.

4. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Minister of Agriculture and the Secretary to the Cabinet.

(G.H.)

19 December 1980