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MINISTER'S MEETING WITH LORD COCKFIELD: 22 FEBRUARY 1985

The Minister met Lord Cockfield, who was accompanied by his chef de cabinet, Mr Fortescue, this morning. Lord Cockfield said that he thought that he thought it had been an achievement for the Commission to put forward price proposals involving a reduction in prices in real terms. The Minister agreed, but thought that it was unfortunate that the Commission had proposed a price increase for milk and had not gone for a 5% price cut for cereals. We were clearly going to have difficulties in both these sectors. On cereals, the Germans were arguing against any price cut, while the French were seeking a co-responsibility levy; he thought that the introduction of such a levy would be a disaster and hoped that Lord Cockfield would oppose it strongly. On milk, the main point of concern was German opposition to the implementation of the agreed 1% cut in quota. So far as the UK was concerned, he was determined to retain the Beef Variable Premium. There were also difficulties for us in the proposals on sheepmeat, in particular that for a recovery bar. Overall, we were concerned at the cost of the proposals; as Lord Cockfield knew, we believed that guarantee expenditure in 1985 should not exceed 19.3 billion ecu.

Lord Cockfield said that he had argued against the proposals on cereals and milk prices. However, much was made in the Commission of the alleged link between agriculture and unemployment and the need to retain employment on the land - Delors frequently made this point. Another idea frequently put forward in the Commission was the need to differentiate between large and small farms, penalising the former while assisting the latter. He opposed these ideas, but usually found himself in a minority of one. The problem was that the Commission was composed of 13 socialists and him. Similarly, he had been alone in arguing that the Commission should respect the agreement on financial discipline, although Delors was now coming round to this.

The Minister agreed that any policy penalising larger farms should be opposed, since such a policy would discriminate against the UK, with its more advanced farm structure. An example here was the French idea of a ceiling on HLCAs, which was directly aimed at the UK. He went on to say that so far as structures were concerned, he was alarmed at the figures now being mentioned for IMPs. Lord Cockfield confirmed that the Commission had now agreed on 2 billion ecus. Delors had been determined to secure as high a figure as possible. // Turning to enlargement, the Minister asked Lord Cockfield how he saw the negotiations developing. Lord Cockfield replied that this depended on how they had gone so far and accounts differed on this. What he had been told by Sir Michael Butler bore no relation whatsoever to the account given to the Commission by Natali and Delors. According to Natali, one more marathon session was all that was needed. Events had justified the Commission package; although problems remained on fish five member states supported the Commission and a few more concessions should bring about agreement on the basis of the Commission proposals. He added that in taking this line Natali was not, in his view, being naive; he was aiming to generate a mood of optimism in the Commission in order to maintain support for the current Commission line. In this he was helped by

the fact that most Commissioners were finding it difficult to discover what was going on in the Council.

The Minister emphasised the importance we attached to fisheries in these negotiations. Lord Cockfield said that he was fully aware of this.

Lord Cockfield said that he had taken a very firm line in the Commission on British Sherry, although, once again, he had been isolated. He hoped that the Government would not weaken on this point, as he would be placed in an embarrassing position if we now gave way. The Minister replied that he had now intention of giving way; indeed, were he to do so he too would be put in a difficult position.

On the question of Commission staff, the Minister said that he was very concerned at the low level of British representation in DG VI. At the moment we only had one A3, and we were doing badly at lower grades too. Experience had shown how important it was for a country to be adequately represented in the Commission Services and for Commissioners to push for their compatriots to be promoted. He hoped that Lord Cockfield would do his best here, both on the appointment of A3s - he reminded him that we had an excellent candidate for the vacant Beef Division post - and on promotions further down the ladder.

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C I LLEWELYN
22 February 1985

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cc
Private Offices
Mr Mason
Mrs Attridge
Mr Griffiths
Mr Holroyd
Mr Melville
Mr Packer
Mr Haddon
PS/Foreign Secretary
PS/Chancellor of the Exchequer
Mr Powell/No. 10
Mr Williamson - Cabinet Office
Mr Myers

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