



FCS/85/74

MBM

MINISTER OF AGRICULTURE, FISHERIES AND FOOD

Agricultural Price Fixing and Budget Discipline

1. I have seen Ian Stewart's letter to you of 21 March.
2. Effective implementation of the budget discipline agreement is a priority objective for us. We must exploit to the full the leverage it gives to resist pressure in the Agriculture Council for unrealistic price increases. I therefore agree that if you are faced with the prospect of a significant dilution of the Commission's proposals, you should insist that a joint meeting with Finance Ministers be convened. I support the figures and general guidelines which Ian Stewart proposes.
3. Your discussion in this week's Agriculture Council confirm that a restrictive price settlement will not be easy. I was particularly concerned by Mr Andriessen's weakness on the financial guideline. We shall have to bring to bear as much persuasion as we can to convince him of the serious consequences of any breach of the guideline. It will also be important to ensure that Pandolfi and your colleagues in the Agriculture Council are in no doubt that respect for the financial guideline is one of our essential requirements, along with sustained price restraint and effective application of guarantee thresholds. Pandolfi seems to be taking a responsible line so far.

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4. I am copying this minute to the Prime Minister, members of OD(E) and Sir Robert Armstrong.

*CR Budd*

*for* (GEOFFREY HOWE)  
(Approved by the Foreign Secretary and  
signed in his absence)

Foreign and Commonwealth Office  
29 March 1985

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