

FCS/85/160MINISTER OF AGRICULTURE, FISHERIES AND FOOD1985 CAP Price Fixing

1. Thank you for your letter of 17 May. The partial price package agreement on 16 May was a reasonably good outcome for the UK in relation to the products that were covered and I know you have had to fight hard to achieve it. Taken with last year's settlement it does represent progress in holding down prices.

2. We must keep up the pressure on the Germans over cereals and rape prices. It may be possible to settle rapeseed at the outset; if necessary we shall need to establish whether Kiechle is prepared to accept by a vote. It will be important also to establish at the outset whether Kiechle, having had time to reflect, is now prepared to accept a vote on the 1.8% price cut of cereals. The Germans claim so far to have invoked only paragraph one of the Luxembourg compromise, which stipulates that when very important interests are at stake the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council. They argue that they are "not using a veto". We should not let them get away with this. If Kiechle does not accept the call for a vote, we should, in concert with the French, resist any attempt by the Presidency to water down the proposed 1.8% cut. In those circumstances, rather than settling for a smaller cut, we should have nothing to lose by letting the cereals regime run its course to the end of the season on 31 July and encouraging the Commission to manage the regime thereafter in a way which will achieve the cuts which all but one Member State can agree to.

ePC

NBPM
ADD
3/6.



3. Your officials have mentioned that there could be a danger of the Germans accepting a 1.8% cut but insisting on measures which effectively would neutralise the cut through the Commission's management of the regime. But I do not see how it could be in the Commission's interest to offer these; and in your contacts with Andriessen before the Council you will no doubt be seeking to ensure that they do not do so. I would rather leave the matter unresolved until after the Milan European Council than accept a cut of less than 1.8%; and I think we should make clear in advance to the French, the Commission and Pandolfi that this is our view. The fear that the whole question could become an issue at the Milan European Council could exert some real pressure on Kiechle.

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

GEOFFREY HOWE

Foreign and Commonwealth Office
3 June, 1985

Carlo Vol
LAD 1613.

1-3 JUN 1968

10 11 12 1 2 3 4 5 6 7 8 9