

Private Secretary

Charles CDJ
5/3.

This Topling letter
will lead to FCO and
Treasury objections.

You may like to
await them before
putting the papers
to the PM. We'll
weigh in just as
soon as we can.

Colin Budd

5/2



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

copy

From the Minister

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

Mr Wall ECD (I)

cc PS

PS / Mrs Chalkey

Mr Braithwaite

Mr Rennie 3 February 1986

Mr A. Fergusson

Advice please.

*Clifford
3/2*

COMMON AGRICULTURAL POLICY: 1986 PRICE PROPOSALS

I wrote to you on 17 January seeking agreement to a note for use in lobbying in Brussels on these proposals. In my letter I argued that the Commission were likely to propose that support be differentiated in a way that would place the burden of adjustment on larger farms, that the United Kingdom, with its more concentrated structure, would be disproportionately affected by such a policy, and that we should resist it. In his reply Peter Brooke suggested that a policy of differentiation in favour of small farms might be the price we would have to pay for effective reform of the CAP. For this reason he was reluctant to adopt a position from which we might have to withdraw and to see any reference to our opposition to discrimination by size included in the note. You and Paul Channon both supported this line of argument.

The lobby note has now become academic, as Commissioners have already held discussions of their proposals and are unlikely to be influenced by anything we say now, and we shall, of course, be discussing our detailed negotiating objectives in OD(E) once we have received the Commission's proposals. But I feel that I should write now to make clear that I do not see how we could defend a policy that effectively provided lower levels of support for farmers in the UK than were available elsewhere in the Community. This is already an issue of major concern to our farmers and to our supporters in Parliament - when the Prime Minister met members of the back bench Agriculture Committee last week, this was the main point they raised. They are well aware of the way the Commission's thinking is developing in this area, and will no doubt have seen recent reports that the Commission are now discussing the extension of this approach to the sheep sector. The industry is calling for firm assurances that the Government will resist this trend, and when I speak to the National Farmers' Union's AGM on 11 February I will not find it easy to evade this demand.

I believe that this is an issue that we will have to meet head-on. We must clearly continue our efforts to bring about a more rational

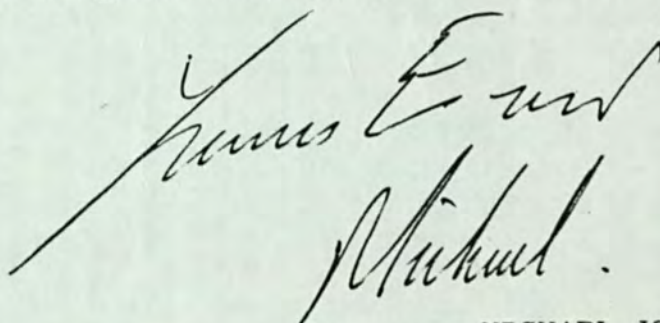
/and cost-effective

and cost-effective CAP, and we may have to agree to measures to protect, on a temporary basis I would hope, those most badly hit by CAP reform. But we should not accept measures which are clearly to the disadvantage of the United Kingdom and hit our own producers disproportionately hard. To do so would, in my judgement, be politically disastrous following the 43% drop in farm incomes in 1985 that I have recently had to announce. We should in effect be accepting that the CAP was being turned into more of a social policy to the permanent disadvantage of the UK industry.

Moreover, it currently looks as if the proposals that will emerge from the Commission will do little to solve the fundamental problems of the CAP and they are likely to be weakened still further in negotiation. The trade-off that Peter Brooke suggests may not, therefore, be on offer, and if we do not hold our ground we could end up without any adequate reform of the CAP and with measures that simply discriminate against the UK; I can think of nothing more calculated to alienate all our supporters.

I shall be circulating what I intend to say to the NFU on 11 February. However, I believe that I must say clearly that we will not agree to measures that would place a disproportionate burden on our own producers, whether by discrimination on grounds of farm size or for any other reason. I trust that on reflection, you and the other recipients of this letter will agree to this.

I am copying this letter to the Prime Minister, other members of OD(E), Nick Edwards, Tom King and Malcolm Rifkind and to Sir Robert Armstrong.

A handwritten signature in cursive script, appearing to read "James E. ... Michael." The signature is written in dark ink and is positioned above the typed name.

MICHAEL JOPLING

EUR. POL : CAP : PE 13.

