

From: Teddy Taylor, M.A., M.P.

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cc David Wilkinson
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HOUSE OF COMMONS
LONDON SW1A 0AA

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26th March, 1986.

Michael Alison Esq., M.P.,
Private Parliamentary Secretary,
Prime Minister's Office.

Dear Michael,

Many thanks for your letter asking for the names of those who will be attending the meeting with the Prime Minister on 8th April, at 4p.m.

The deputation will be as follows:-

Sir Edward du Cann (President) Sir William Clark (Vice President),
Sir Richard Body, Den Dover, Peter Fry, Tony Marlow, Roger Moate,
Richard Shepherd, Teddy Taylor, Peter Thurnham and Bill Walker. Sadly
Jonathan Aitken and Neil Hamilton will be abroad on that day.

I attach three brief notes on the issues which we have proposed for discussion and if you are agreeable, Edward will introduce each item.

As you may know, we have two researchers who work almost full time in preparing papers and dealing with enquiries for CERG. They are Lawrence Vince (a Conservative County Councillor and District Councillor from Peacehaven) and Tom Hawkins, an American graduate who deals with the international side of our researches. It would obviously be a great thrill for them to come to the meeting although they would both not contribute to the discussions in any way. Would this be proper and possible?

Perhaps you could let me know.

*Yours
Teddy*



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HOUSE OF COMMONS
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CONSERVATIVE EUROPEAN REFORM GROUP.

Meeting with Prime Minister on Tuesday, 8th April, at 4p.m.

Paper on First Item of proposed agenda- STRICT BUDGETARY CONTROLS.

Although members of our Group were unhappy about the increase in the Own Resources of the Community by means of lifting the VAT limit from 1 to 1.4 per cent, we very much welcomed the assurances that future EEC spending would be controlled by strict budgetary limits as set out in the December, 1984 agreement.

However, we have been acutely concerned by the many indications that the Commission and other member states are planning to break through the limits, even although the limits allow for substantial increases in spending. We take the view that if the limits are not adhered to in 1986 - the first year of strict budgetary control - much of the real achievement which the Prime Minister fought so hard to secure will be lost.

Repeated assurances were given by Government Ministers at the time of the increase in Own Resources that the limits would be "binding on the Council".

We are worried in particular that Britain may have been misled as seems clear from the various reasons given for breaking through the limits:-

- (1) Fall in dollar value. It has now emerged that the 1986 Budget was based on an exchange rate of one dollar = 1.20 ecu although the rate at the time of the Budget decision was nearer 1.40.
- (2) Admission of Portugal and Spain. Treasury Ministers stated on 14th November that these costs had been included.
- (3) Surplus Disposal and Fall in world food prices. The fall in world prices has been partly caused by EEC dumping.



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CONSERVATIVE EUROPEAN REFORM GROUP.

Meeting with Prime Minister on Tuesday, 8th April, at 4p.m.

Paper on Second Item of proposed agenda-BRITISH AGRICULTURE AND CAP.

Our Group has pressed consistently for CAP reform, and has suggested that there was a strong case for seeking the replacement of this policy. Apart from the fact that the policy results in 54 per cent of all EEC spending being contributed solely to food storage and disposal costs, we have argued that the dumping policy hits the Third World severely by depriving poor nations of a fair price for food and also drives an inevitable wedge between Britain and the USA. This factor has become more serious following the Commission decision not to publish the amount of subsidy for dairy produce.

However, we now see the policy as creating a further major problem in that it could, quite soon, threaten the future of British agriculture, which is by far the most efficient in the Community and which, despite high productivity, does not produce an overall surplus of food.

We fear that the CAP is now getting out of control- as can be seen most acutely in beef where refrigerated storage space for beef has become exhausted. If such an explosion occurs, the emergency measures taken could hit British farming most severely because of its high productivity.

As reform now seems unlikely because of the attitude of the French and German Governments and also of the European Assembly, we believe that there is an urgent need to prepare a contingency plan for a repatriated agricultural policy, which could well be based on a deficiency system on standard quantities related to our needs.



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CONSERVATIVE EUROPEAN REFORM GROUP.

Meeting with Prime Minister on Tuesday, 8th April.

Paper on Third Item of proposed Agenda- SINGLE EUROPEAN ACT.

Our Group has consistently stressed the dangers of the further undermining of our national sovereignty through the surrender of powers to the EEC and the seizing of unauthorised powers by the Commission and the Assembly. In this connection we welcome the decision taken by the Government to take the Assembly to Court over their illegal Budget.

So far as the Commission is concerned, we note that the body has failed to submit formal monthly reports to the Council under para 6b of the Council decision of December, 1984 or to make a formal report to the Council on budget overruns as specified in the same paragraph.

However, our main concern about the single European Act is that this process will continue.

First, we are concerned about the removal of the veto power in many areas of Community decision making. There are many examples, but perhaps the most topical is the indication that the very recent directive on broadcasting quotas could be implemented by majority vote.

More serious is the addition to the powers of the Assembly which give the Assembly the power to block proposals unless the Council rejects their advice unanimously. Admittedly the Assembly powers of initiation are not much changed, but it appears that their power to block reforms is increased.