

CCPC

CDP  
21/4.FCS/86/ 103MINISTER OF AGRICULTURE, FISHERIES AND FOODCAP Price Fixing 1986

1. Thank you for your letter of 17 April suggesting tactics for the Agriculture Council next week in the event of a settlement on the 1986 CAP price fixing.

2. I note that in the new Presidency proposals it looks as if, in response to the representations we have been making, a number of the features in the Commission proposals which could have been discriminatory against us will be removed. This is encouraging.

3. I welcome your comments on budgetary discipline and the involvement of ECOFIN. I consider it of the greatest importance that you should make clear to the Presidency, Commission and other Member States throughout this negotiation that there can be no question of the 1.4% ceiling being exceeded in 1986 or 1987 and that there will be no additional funds available next year.

4. On the question of green rates, I note that the French appear to realise that they will have to accept a two-stage devaluation and I hope that the Commission will propose a devaluation this year below the 4% they are seeking.

/5. I have



5. I have seen what Nigel Lawson has to say in his letter of 18 April about your proposal that the green rate for the pound should be devalued to the same extent as any devaluation for the French; I have much sympathy with the important point that he makes. While our farmers must not be disadvantaged, there will have to be a careful evaluation of the costs. Our efforts in any event should be directed to ensuring that any devaluation is as modest as possible. Obviously we must avoid declaring our hand on a green rate devaluation until we have reached an agreed view.

6. I am copying this minute to the Prime Minister, members of OD(E), the Secretaries of State for Scotland, Northern Ireland and Wales and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

FOREIGN AND COMMONWEALTH OFFICE

21 April 1986

EURO POL

CAP PT 14

