

CCPE

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
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From the Minister

EDP  
18/9

The Rt Hon John MacGregor CBE MP  
Chief Secretary to the Treasury  
Parliament Street  
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18 September 1986

DEVALUATION OF THE GREEN POUND

Following the OD(E) meeting on 8 September and taking account of the devaluation of the Irish punt (as reported in UKREP Tel No 3009), I have had a number of discussions with you and other colleagues. You are well aware of the importance I attach to maintaining the competitive position of our own farmers and avoiding the disruption in trade which would result if we did not follow the Irish now by devaluing our green rate. This is most acute in the case of beef but can clearly also arise with other products. It poses particular difficulties for Northern Ireland. On the other hand, we are all conscious of the constraints on public expenditure and the Community budget. What I therefore now propose is that we should go for a devaluation of the green pound limited only to livestock products and involving PES provision approximately equivalent to a 3% devaluation on all livestock products. In particular this would allow for a 6% devaluation on beef (as the Irish have got), provided the adjustment for other livestock products was limited to 2%. The detailed figures - which have been agreed with Treasury officials - are attached.

I hope you can speedily confirm your agreement to this package as I am anxious to begin talks with the Commission as soon as possible.

/ Copies of this ...



		<u>1986</u>	<u>1987</u>
1.	6% BEEF		
	Community		
	budget	9	35
	2% OTHER LIVESTOCK		
		<u>1986/7</u>	<u>1987/8</u>
	PES	13	46
	PSBR	6	37
		<u>1986</u>	<u>1987</u>
2.	3% ALL LIVESTOCK		
	Community		
	budget	4	18
		<u>1986/7</u>	<u>1987/8</u>
	PES	12	45
	PSBR	1	31
			<u>1988/9</u>
			49
			40
			46
			33

Notes:- Community Budget figures in mecu  
PES and PSBR in £M.