

CONFIDENTIAL

cc BG



DA no see  
CDP 19/9.

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Michael Jopling MP  
Minister for Agriculture, Fisheries and Food  
Ministry of Agriculture, Fisheries and Food  
Whitehall Place  
London  
SW1A 2HH

19<sup>th</sup> September 1986

Dear Michael,

at flag

**DEVALUATION OF THE GREEN POUND**

Thank you for your letter of 18 September.

I confirm that I have now agreed that you should approach the Commission to see whether they would be prepared to propose a green pound devaluation on the lines that you suggest. As I made clear when we spoke there would be a substantial additional cost in public expenditure terms and more particularly to the EC Budget if the Commission were also to propose a devaluation of the green franc in response to what is likely to be French pressure for such a devaluation when our approach becomes known.

Your officials have calculated that the overall effect if both the green franc and the green pound were devalued would be:

	1986	1987	(mecu)
EC Budget	+ 40	+ 159	
	1986-87	1987-88	1988-89 (£m)
PES	+ 20	+ 54	+ 57

I must therefore strongly urge you to encourage Commissioner Andriessen to continue to resist any pressure for a French devaluation for the reasons he gave at the Agriculture Council, namely that there had been no further depreciation of the franc since the Price Fixing and therefore no case for a further devaluation.

CONFIDENTIAL



CONFIDENTIAL

As I also made clear the consequential increase in public expenditure is most unwelcome in view of the other pressures both on the agriculture programme and elsewhere and I will be obliged to take it into account in our forthcoming PES discussions.

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

Yours ever,  
JG

JOHN MacGREGOR



CONFIDENTIAL

Ewo POL. C.A.P

Part 14.