

SUBJECT

SC MASTER  
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PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 108 A/82

DER BOTSCHAFTER  
DER BUNDESREPUBLIK DEUTSCHLAND

Jürgen Ruhfus

London, 21st May, 1982

Dear Prime Minister

I have the honour to transmit to you the enclosed letter from the Chancellor of the Federal Republic of Germany, Herr Helmut Schmidt.

A courtesy translation is attached.

I am, dear Prime Minister,  
yours sincerely

Jürgen Ruhfus

Her Excellency  
The Rt. Hon. Margaret Thatcher, MP  
Her Majesty's Prime Minister and  
First Lord of the Treasury

London

MATTPOST

Courtesy Translation

Message from the Federal Chancellor of the Federal  
Republic of Germany  
to the Prime Minister and First Lord of the Treasury

Prime Minister, Dear Margaret,

I thank you for your message of 2 May and for explaining the British position on the budget and agricultural problems.

The Ministers of Agriculture have in the meantime found a compromise which is being accepted by nine Member States. I, too, am not happy with this compromise. It contains a series of elements which the Federal Government would rather have avoided. In giving our agreement we have above all taken into account that according to the statement by the EC Commission the decisions on agricultural prices do not lead, in 1983 either, to getting beyond the 1%-limit on VAT and that the rate of increase of agricultural expenditure will remain also in the coming year below the rate of increase of own resources. Both these points were quite essential demands put forward by our two governments throughout the mandate discussion. The compromise on agricultural prices therefore seems to me to point in the right direction.

In the final analysis the Federal Government has nevertheless agreed to the agricultural proposals because it is of the opinion that we in the Community have to rely on mutual concessions. The Community can only retain its ability to act if all member states make every effort to reconcile their interests in a fair manner.

As you know, I have great sympathy with the British problem and I say this not only at home in Germany. I have the impression that now the time has come when Great Britain should no longer

hold up the decision on agricultural prices and should move towards the position of the other member states on the budgetary problems; this position comes, I believe, quite close to your ideas and interests.

I should therefore be very grateful if you could think your attitude over once again in the light of developments which have taken place in the meantime.

Yours sincerely,

sgd. Helmut



BUNDESREPUBLIK DEUTSCHLAND  
DER BUNDESKANZLER

Bonn, den 13. Mai 1982

Sehr verehrte Frau Premierminister, *Dear Margaret!*

ich danke Ihnen für Ihre Botschaft vom 2. Mai dieses Jahres und die Erläuterung des britischen Standpunktes zu der Haushalts- und Agrarproblematik.

Die Agrarminister haben in der Zwischenzeit einen Kompromiß gefunden, der von neun Mitgliedstaaten akzeptiert wird. Auch ich bin über diesen Kompromiß nicht glücklich. Er enthält eine Reihe von Elementen, die die Bundesregierung lieber vermieden hätte. Wir haben bei unserer Zustimmung vor allem berücksichtigt, daß nach Erklärung der EG-Kommission die Agrarbeschlüsse auch 1983 nicht zu einer Überschreitung der 1 %-MWSt-Grenze führen und daß die Steigerungsrate der Agrarausgaben auch im kommenden Jahr unterhalb der eigenen Einnahmen bleiben wird. Beides waren ganz wesentliche Anliegen unserer beiden Regierungen in der gesamten Mandatsdiskussion. Der Agrarpreiskompromiß scheint mir damit in die richtige Richtung zu weisen.

Letztlich hat die Bundesregierung den Agrarvorschlägen aber deshalb zugestimmt, weil sie der Meinung ist, daß wir in einer Gemeinschaft auf ein gegenseitiges Nachgeben angewiesen

Ihrer Exzellenz  
dem Premierminister des  
Vereinigten Königreichs  
Großbritannien und Nordirland  
Frau Margaret Thatcher

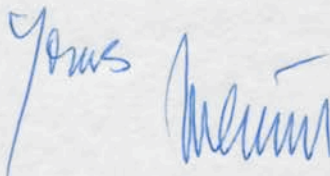
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sind. Die Gemeinschaft wird nur handlungsfähig bleiben können, wenn alle Mitgliedstaaten sich um einen fairen Interessenausgleich bemühen.

Wie Sie wissen, habe ich für das britische Problem viel Verständnis und sage dies nicht nur bei mir zu Hause. Mir scheint jetzt der Zeitpunkt gekommen, in dem Großbritannien den Beschluß über die Agrarpreise nicht mehr aufhalten und sich bei der Haushaltsproblematik auf die Haltung der übrigen Mitgliedstaaten zubewegen sollte, die wie ich glaube, Ihren Vorstellungen und Interessen weitgehend entgegenkommt.

Ich wäre Ihnen deshalb sehr dankbar, wenn Sie Ihre Haltung noch einmal im Lichte der inzwischen eingetretenen Entwicklung überdenken könnten.

Mit freundlichen Grüßen



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Foreign and Commonwealth Office

London SW1A 2AH

26 May 1982

Dear John,

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p.a.

European Community Issues

Thank you for your letter of 21 May, with which you enclosed a copy of Chancellor Schmidt's letter of 13 May (delayed in transmission by a German clerical error) to the Prime Minister about the EC budget and CAP prices issues. You asked whether we would advise the Prime Minister to pursue the correspondence further.

I now see from the record of the Prime Minister's telephone conversation with the Chancellor on 24 May that the Prime Minister referred to his letter and mentioned its late arrival. In the circumstances, there would seem no need for further correspondence.

I am copying this letter to the recipients of yours.

Yours ever,

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street

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MR COLES



10 DOWNING STREET

From the Private Secretary

21 May 1982

cc. HMT Euro 101 (2)  
MAFF  
CO.

MS

Prime Minister  
you will wish to see.

MR 21/5

European Community Issues

The German Ambassador came to see me this afternoon to deliver the enclosed letter from Chancellor Schmidt. The reason he delivered it in person was because he wished to accompany it with an oral explanation.

You will note that the burden of the message is that the Federal Government has "agreed to the agricultural proposals". Herr Ruhfus wished to explain that the Chancellor had signed this letter on 13 May. It had accidentally been sent to London by airmail and had consequently only just arrived. When he had enquired of the Chancellor's staff whether he was still to deliver the letter, they had asked him to seek advice from me. He made it plain to me that both he and the Chancellor's staff would have great difficulty in explaining to Chancellor Schmidt what had happened and in asking him to sign another letter. I told Herr Ruhfus that I had no difficulty in accepting his letter, together with his explanation for the delay.

He then said that he imagined that the Prime Minister was in any case in no doubt that the German Government did not approve of the linkage we had made between the agricultural prices settlement and the budget issue. I reminded him that it had been agreed at Lancaster House that the three chapters of the Mandate would be pursued in parallel and I could tell him that the Prime Minister regarded what had happened at the Agricultural Council as a breach of faith by our Community partners.

I shall show the Chancellor's letter to the Prime Minister over the weekend. I should be grateful to know in due course whether you would advise the Prime Minister to pursue this correspondence further.

I am sending copies of this letter and enclosure to John Kerr (H.M. Treasury), Robert Lawson (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

A. J. COLES

Brian Fall, Esq.,  
Foreign and Commonwealth Office.

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