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Prime Minister

A.F.C. 7/2

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

4 February 1983

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries & Food
Whitehall Place
LONDON SW1A 2HH

Dear Peter

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CAP PRICE FIXING 1983

Thank you for sending me a copy of your letter of 31 January, reporting the views of Ertl and Rohr on the price fixing.

As you say, we will have to consider the implications of this news when we meet to discuss the CAP price proposals. For my part I would not want to rule out a quick settlement on CAP prices, provided it is at an acceptably low and inexpensive level.

I am, however, concerned to hear that the German Agriculture Ministers are prepared to contemplate a further 1% increase above the Commission's proposals, which we all recognise are already too high for the main surplus products. I am sure therefore that it will be important at next week's Agriculture Council and in subsequent statements of our position to press home our arguments for a freeze of the prices of the surplus products, and for the strict application of the guarantee-threshold rules, and to seek German and Dutch support for the observance of our financial guideline.

If there is a suitable opportunity at next week's Finance Council, I would propose - without breaking Ertl's confidence - to urge the case for a tough price settlement on Stoltenberg, the German Finance Minister. We ourselves have heard in confidence from Dutch officials that Dutch Ministers will be taking a firm line on agricultural prices and I will see if I can get confirmation of this from the Dutch Finance Minister, Rüdiger.

I am sending copies of this letter to the Prime Minister, the Foreign Secretary and Sir Robert Armstrong.

GEOFFREY HOWE

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

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From the Minister

Prime Minister

CONFIDENTIAL

A.S.C. 8/2

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

8 February 1983

M

Dear Sir Geoffrey

attached - ?

Thank you for your letter of 4 February concerning the CAP price fixing proposals. In discussion in the Council of Ministers, I will continue to advocate the importance of price restraint particularly for the main surplus products.

I do however see no point in constantly stating in public that we need a freeze on the prices of the surplus products if for certain we know there is no such possibility.

You mention the possibility of German and Dutch support. The Germans have categorically said they are going for more than the increase proposed by the Commission in order to get an early settlement. The Dutch have publicly said in the Hague, and publicly at the Council of Ministers meeting, that they consider the Commission proposals are a reasonable starting point, which implies that they will be wanting some changes in the form of increases.

I therefore do not understand your reliance on what you have heard in confidence from Dutch officials, for Dutch Ministers have gone public upon their position.

Likewise the German Government have made a decision as to their tactics and I would naturally be interested if during an election year they were to reverse their tactics. But I am sure that they would not, for there is no way that either the Christian Democrats, Social Democrats or the Free Democrats would fight an election campaign on reducing further Commission proposals that the entire farming lobby of Germany characterises as inadequate.

/I will therefore ...

CONFIDENTIAL

I will therefore maintain for the time being the line that surplus products should be frozen. But I think in the next few weeks we must settle the tactical approach that we should pursue.

Certainly, there will be no joy in election year for the price fixing conclusions to be described as a major defeat for the British Government.

✓ I am sending copies of this letter to the Prime Minister, the Foreign Secretary and Sir Robert Armstrong.

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Yours sincerely

Robert Lassa

for PETER WALKER
(dictated by the Minister and signed in his absence)



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

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J.T.S.
Prime Minister

From the Minister

CONFIDENTIAL

A.S.C. 31/1-

The Rt Hon Francis Pym MC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

31 January 1983

MS
Dear Secretary of State

CAP PRICE FIXING 1983

In Brussels last week I had a private conversation with the two German Agriculture Ministers, Ertl and Rohr.

I am informed privately by them that their intention on the price fixing is to seek a settlement and if necessary to agree to price increases of 1% above those put forward by the Commission.

They intend to make no mention of prices until after the general election, although I am informed that both the main German parties will, in the election campaign, make it clear that they will not be in favour of prices less than those proposed by the Commission.

I was told that the present Government would continue in office until the 31 March, irrespective of the election result, and it is their intention, whether or not they are re-elected, to complete the price fixing before the new Government takes office. This will enable Ertl to preside over the price fixing and for his successor to come into office on 1 April with the price fixing completed. I am informed that they will be willing to sit, if necessary, night after night to achieve this objective.

/Naturally, this information ...

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Naturally, this information will have a considerable impact upon the tactics we pursue in the month of March, and doubtless in the near future we can fully consider the implications.

* Copies of this letter go to the Prime Minister, the Chancellor of the Exchequer and Sir Robert Armstrong.

Yours sincerely

R. L. Cross

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for PETER WALKER

(Approved by the Minister
and signed in his absence)