

PRIME MINISTER

CAP PRICE SETTLEMENT

Peter Walker rang me from Luxembourg this afternoon and asked me to inform you about the latest situation.

He had made clear in the discussions yesterday and this morning that we were opposed to increases above the prices originally proposed by the Commission. But the Germans had now said that the Presidency would this evening table a paper suggesting a compromise which included raising prices beyond the Commission's proposals.

Mr. Walker would of course oppose this when it was put forward. He thought that there would be fairly major disagreements in the Agricultural Council. The Germans might either try to obtain agreement tomorrow or, more likely, adjourn the Council for a week or two.

Mr. Walker wanted to bring this to your attention in view of Chancellor Kohl's visit this week. He believed that CAP price fixing would now become a major issue at the Summit. By the time the Summit took place he would probably have made a statement in the House making it clear that we were opposed to the German proposals.

We should get overnight a telegram reporting the details of the Presidency's "compromise".

A.J.C.

19 April 1983