



Foreign and Commonwealth Office

London SW1A 2AH

2 May 1985

Dear Charles,

1985 CAP Price Fixing

The Foreign Secretary has seen a copy of Mr Jopling's minute to the Prime Minister of 30 April.

Sir Geoffrey Howe agrees that we must keep up the pressure on the Germans, particularly as Delors has been seeking to stiffen Andriessen's resolve to stand by the Commission's proposals.

When the Prime Minister sees Chancellor Kohl today, the Foreign Secretary suggests that the points which most need to be made are:

- failure to reduce cereal prices in this price fixing will lead to a rise in the cost of the cereals regime in 1986 and make it more difficult to hold down prices of Mediterranean products;
- failure this year to implement the agreed guarantee threshold arrangements will jeopardise our common effort to introduce sensible controls on Community spending;
- we agree with Kohl's approach that the future shape of the Community needs to be determined before enlargement. If we put off reforms now they will become harder to obtain after Spain and Portugal have joined;
- failure to reduce cereal prices this year would have dangerous implications for trade relations with the United States.

If the Germans do not change their position at the Agriculture Council later this week, Sir Geoffrey Howe hopes that we can continue to work for a situation in which the German Agriculture Minister is forced either to accept a vote on cereals or formally to invoke the Luxembourg compromise.

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I am copying this letter to the Private Secretaries of members of OD(E), the Secretaries of State for Wales, Scotland and Northern Ireland, and Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

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CAP



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