



FUE

UR

cc: NAFF

10 DOWNING STREET

THE PRIME MINISTER

4 January, 1984

Dear Sir Richard

Thank you for your letter of 30 November giving the National Farmers' Union's views on some of the agricultural issues before the European Council earlier this month.

I am gratified that most British farmers agree with the Government in its efforts to find a lasting solution to our unfair budgetary burden. As you know, no decisions were taken at Athens, but there was some recognition that a way had to be found to put limits on the net contributions of member states related to their ability to pay. I made it clear that the measures necessary to bring agricultural expenditure under better control should be equitable between member states and in particular should not impose unfair burdens upon our farmers.

Turning to the commodities which you mention, the Government considers that a rigorous price policy is essential for milk and that any other arrangements, such as the supplementary levy, should apply to all member states without discrimination. I am sure that the Minister of Agriculture will give careful consideration to your ideas on the detailed rules for the application of a supplementary levy.

The Government recognises the importance of the green pound in setting the level of CAP support prices in the UK. That is why we have made it clear that any arrangements to deal with MCAs must take properly into account the special situation of countries with floating currencies.

/ In the cereals

RW

In the cereals sector, the overriding need is for action on prices to restrain surplus production and to bring down the cost of support. As you say this would bring about a better balance between the arable and livestock sectors. We therefore support the objective of narrowing the gap between Community support prices and the prices received by cereals producers in other major exporting countries. The Government has serious reservations about the introduction of further restrictions on imports of so-called cereals substitutes which could push up the cost of feed to sections of the livestock sector, and cause serious difficulties in trading relations with our suppliers, particularly the United States, with potentially significant repercussions in other sectors.

I agree that the beef variable premium scheme has served our producers and consumers well. It is evident to us that the Community would not save money by abolishing it, since the alternative of greater intervention would cost FEOGA substantially more. We have therefore made it clear that we see no justification for including this proposal in the Commission's package of economy measures.

I appreciate your concern about the Commission's proposals on lamb although, as you will know, the implications of these proposals still need clarification. I understand that you have been in touch with the Minister and with Commission officials on this and I hope that this will help to produce a satisfactory outcome. We shall certainly be determined to ensure that the sheepmeat regime continues to reflect our interests as the Community's major producers and consumers of lamb.

Yours sincerely
Nargant Shahtha

Sir Richard Butler, D.L.



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

Andrew Turnbull Esq
Private Secretary
Prime Minister's Office
10 Downing Street
LONDON SW1

GR JK
~~Pse type letter~~
29 December 1983
Dms 30/12

Dear Andrew,

PN Thank you for your letter of 30 November enclosing a copy of one the Prime Minister has received from the National Farmers' Union about the CAP.

... A draft reply is attached. I am sorry we did not manage to meet your deadline.

Yours etc,

David Dawson

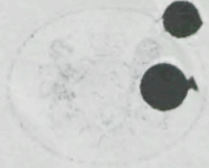
PP, DAVID DAWSON
Assistant Private
Secretary

Enro Pol : CAP At 11

Ministry of Agriculture, Fisheries and Food
Welsh Office, London, W1P 0LW

29 DEC 1983

11 12 1 2 3 4
5 6 7 8 9 10
11 12 1 2 3 4
5 6 7 8 9 10






DRAFT REPLY FOR THE PRIME MINISTER'S SIGNATURE

Sir Richard Butler
President
National Farmers' Union
Agriculture House
Knightsbridge
London SW1X 7NJ

Thank you for your letter of 30 November giving the National Farmers' Union's views on some of the agricultural issues before the European Council earlier this month.

I am gratified that most British farmers agree with the Government in its efforts to find a lasting solution to our unfair budgetary burden. As you know, no decisions were taken at Athens, but there was some recognition that a way had to be found to put limits on the net contributions of member states related to their ability to pay. I made it clear that the measures necessary to bring agricultural expenditure under better control should be equitable between member states and in particular should not impose unfair burdens upon our farmers.

Turning to the commodities which you mention, the Government considers that a rigorous price policy is essential for milk and that any other arrangements, such as the supplementary levy, should apply to all member states without discrimination. I am sure that the Minister of Agriculture will give careful consideration to your ideas on the detailed rules for the application of a supplementary levy.



The Government recognises the importance of the green pound in setting the level of CAP support prices in the UK. That is why we have made it clear that any arrangements to deal with MCAs must take properly into account the special situation of countries with floating currencies.

In the cereals sector, the overriding need is for action on prices to restrain surplus production and to bring down the cost of support. As you say this would bring about a better balance between the arable and livestock sectors. We therefore support the objective of narrowing the gap between Community support prices and the prices received by cereals producers in other major exporting countries. The Government has serious reservations about the introduction of further restrictions on imports of so-called cereals substitutes which could push up the cost of feed to sections of the livestock sector, and cause serious difficulties in trading relations with our suppliers, particularly ^{the United States,} with potentially significant repercussions in other sectors.

I agree that the beef variable premium scheme has served our producers and consumers well. It is evident to us that the Community would not save money by abolishing it, since the alternative of greater intervention would cost FEOGA substantially more. We have therefore made it clear that we see no justification for including this proposal in the Commission's package of economy measures.

I appreciate your concern about the Commission's proposals on lamb although, as you will know, the implications of these proposals still need clarification. I understand that you have been in touch



with the Minister and with Commission officials on this and I hope that this will help to produce a satisfactory outcome. We shall certainly be determined to ensure that the sheepmeat regime continues to reflect our interests as the Community's major producers and consumers of lamb.