



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

From the Minister's
Private Office

David Barclay Esq
Private Secretary
10 Downing Street
London SW1

14 March 1984

Dear David

... I enclose a brief for the Prime Minister's
meeting with Sir Richard Butler tomorrow.

Yours ever

David

DAVID DAWSON
Assistant Private Secretary

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF THE
NATIONAL FARMERS' UNION : 15 MARCH 1984

1. Sir Richard Butler is likely to wish to emphasise his concerns about the advances made by the Agriculture Council earlier this week and of the other decisions which may be taken by Ministers in the next few days. He is believed to be especially concerned about milk and may wish to stress to the Prime Minister the importance of giving the industry time to adjust to the new situation.

2. On milk, the provisional agreement reached in the Agriculture Council on 12/13 March included a supplementary levy that will come into effect on 1 April 1984. Clearly, there are many details that need to be discussed with the relevant milk interests, including the farmers' unions, but the levy must be applied from the agreed date. However, the EC quota for 1984/85 has been set at a higher level (98.2 m tonnes) than for the succeeding four years (97.2 m tonnes) so an element of phasing is included in the agreement.

3. Sir Richard may also be concerned at possible national exemptions from the levy. The Irish are asking for complete exemption and the text to go to the European Council provides (subject to a United Kingdom reserve) an additional quota of 0.6m tonnes per annum to which Italy, Luxembourg and Greece have laid claim. On this we can explain that we are opposed to any exceptions, but it would be unwise to give any specific commitments.

4. The Agriculture Council also made progress on a complicated proposal for changing the basis of calculation of monetary compensatory amounts. Here the point might be made that the changes envisaged (which are still subject to confirmation by the European Council and include major United Kingdom reserves) would lower positive mca and therefore lessen the pressure on us to revalue the green pound this year.

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Sir Richard has written to the Prime Minister making it clear that avoiding a green pound revaluation was the NFU's first priority for the 1984/85 price fixing.

5. Other agricultural issues will be considered again by the Agriculture Council on 16/17 March. There is therefore nothing to report.