

See my letter of 26 March

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to the F.I.C.O.

A.S.C. 28/3



PM/84/54

PRIME MINISTER

Agriculture Council, 26-27 March 1984

I find this very worrying. It was clear Prime Minister no decisions would be taken until they decided we then at the end of this into the ground for under our feet to surrender not

A.S.C. 26/3

1. It was decided in Cabinet yesterday that I should hold a meeting to discuss tactics for next week's Agriculture Council. Nigel Lawson, Michael Jopling and I duly met this morning. We had before us the Minister of Agriculture's letter of 23 March, of which I attach a copy.

2. We reached the following conclusions:

(i) we should continue to work for an overall agricultural package. If such a package does emerge, Michael Jopling will make it quite clear that, although we are prepared to let it go through, the United Kingdom is making no commitment to finance expensive measures which would exceed the existing ceiling on own resources.

- Then it cannot go through

(ii) we do not yet know whether there will be any progress on the milk proposals, and whether circumstances may arise in which the Irish again invoke the Luxembourg Compromise. If they do, we would follow our important and well-established rule of not participating in the vote. We believe that we must maintain this position since otherwise we should be contributing to the destruction of the Luxembourg Compromise itself. In practice, we believe it is very unlikely that a situation will arise in which the milk proposals are blocked while the other proposals go through. It is far more likely that most people will want to try to hold the package together. Nigel Lawson however has stressed that we should try to avoid having to agree to an expensive defeat on MCAs while losing

/the milk

But then is contrary to the Stuttgart agreement.



the milk proposals if they are blocked by the Irish. If this seemed likely, the tactics would need to be considered further.

(iii) Michael Jopling has a real problem over the Beef Variable Premium Scheme, as well as on support for our sheepmeat sector. There is no proposal from the Commission to continue the Scheme. In the absence of such a proposal, it will expire at the end of the present marketing year. He will be making every effort to ensure that a proposal is included in the package and we all believe that he has some chance of achieving this. If he fails, we shall be faced with the difficult question of whether we should invoke the Luxembourg Compromise ourselves in relation to the package as a whole, or (if it were voted separately) on the beef section of it (where we can argue that the variable premium is intimately linked with other aspects of the beef proposals). If he invoked the Luxembourg Compromise ^{and} at least the Danes, Greeks and Irish supported him, the proposals would be blocked. It is possible, however, that one or more of these States may take the view that we are invoking the Compromise in an unjustifiable way because we would not be applying it directly to the Beef Variable Premium, since there would be no proposal about that on the table. If so, we would be in the difficult situation of having invoked the Luxembourg Compromise and failed. Michael Jopling continues to take the view that he should nevertheless do this, and that merely to vote against the beef regulation, without invoking the Luxembourg Compromise, would not convince domestic opinion that we had done all we could. Since an appeal to the Luxembourg Compromise which was then overridden would be a serious blow to the Compromise itself and to our wider European policies, we have agreed that, if it comes to that point, Michael Jopling will contact colleagues concerned by telephone before taking action.

This did not succeed the same before last

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3. I am sending copies of this minute to Nigel Lawson and Michael Jopling.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
23 March 1984

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