



FCS/84/322

MINISTER OF AGRICULTURE, FISHERIES AND FOOD

1985 Common Agricultural Policy Price-Fixing

1. Thank you for your letter of 29 November. I agree generally with the approach outlined in the attachment to your letter. It is right that our first priority should be to "meet the terms of the financial guideline for agriculture". I should like, however, to see paragraph 1 of your guidance strengthened to reflect the importance we attach to controlling the growth of agricultural spending. This passage might be expanded to bring out the context in which the 1985 price-fixing will take place, that is to say, the agreement on budget discipline confirmed at the Dublin European Council. My officials have suggested a text (updated copy attached). This reached your Department too late to be incorporated into the notes you circulated but I hope you will consider it.

2. There are two other points I should like to see included. First it should be brought out explicitly that the UK objective is a reduction in real prices for most major products (including milk, cereals, wine and other Mediterranean products) before the application of guarantee threshold mechanisms. Second, the note needs to bring out the implications of the possible coincidence of the 1985 price-fixing with Parliament's consideration of the new Own Resources Decision. We should remind our partners as necessary that any breach of the financial guideline by the Commission or Agriculture Ministers would affect UK Parliamentary attitudes over raising the VAT ceiling.



3. My other main concern is with the Beef Variable Premium Scheme. You had to fight extremely hard to secure its retention last year. I think we need to look carefully in advance of next year's price-fixing negotiations at the overall balance of advantage from our point of view. It will in my view render it harder for us to achieve a restrictive price policy if we are obliged to buy support from other Member States to enable us to retain the Beef Variable Premium at its present level. Our ability to make budget discipline stick will also be affected. We could end up paying an unacceptably high price. I hope you will agree that this should be considered by Ministers on the basis of a paper by officials.

4. As for the targets for our lobbying, I agree that we need to get our views across to Commission officials as soon as possible and to the new Commissioner for Agriculture. I am also concerned that we should do more to present the case outside agricultural circles. We should take every opportunity to persuade EC Ministerial colleagues of the merits of our objectives. Finance and Foreign Ministers must be a particular target. Malcolm Rifkind and I have a number of forthcoming speaking engagements to European audiences which would give us an opportunity to get our message over more widely. No doubt you and your colleagues will have similar opportunities. In particular we must impress our views on Delors before he takes over as President of the Commission.

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5. I am copying this minute to the Prime Minister, the other members of OD(E), the Secretaries of State for Scotland, Wales and Northern Ireland, and Sir Robert Armstrong.

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

(GEOFFREY HOWE)

Foreign and Commonwealth Office
7 December 1984

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1985 CAP PRICE-FIXING
VIEWS OF THE UNITED KINGDOM

Alternative Paragraph 1

1. Heads of State and Government agreed at Fontainebleau an important package of financial and budgetary measures. One objective was to enable the Community to achieve a better balance between spending on agriculture and on other policies. The most important measure agreed in this context was that agricultural spending should increase more slowly than the growth in own resources. In reaching decisions at the 1985 price-fixing, Ministers of Agriculture will have to act within the overall framework on budget discipline laid down by their Heads of State and Government and which was formally agreed by the Council of Ministers in Dublin on 4 December 1984.

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