



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

cc - RB
PJ

From the Minister

The Rt Hon Norman Lamont MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London
SW1P 3AG

16 January 1993

VISIT TO SWEDEN AND FINLAND: 19-21 NOVEMBER 1992

1. Thank you for your letter of ^{with reference to 1992} 2 December commenting on mine of 23 November. I am clear that the line I took with the Swedes and Finns was in the UK interest.

2. It is our agreed position that Swedish and Finnish accession are to be welcomed. It is relevant that both are expected to be net contributors to the EC budget. Considering the case of Sweden first, they are able to accept the CAP more or less as it stands. Nevertheless, support for the northernmost regions of the country is a vital national need for them, as indeed it is for Norway and Finland. This is not a point they will be prepared to drop in the face of an unenthusiastic EC reaction.

3. It seems clear that the current provisions of the Less Favoured Areas Directive would not fully meet Swedish needs. The simplest way of doing so would be to add to the Directive a new class of payments for which only (specified numbers of) livestock in very high latitudes would qualify. Amending an existing instrument is likely to be easier to negotiate all round than a new, free-standing provision. On funding the normal expectation would be that Sweden should be subject to the same conditions as, say, the UK or Germany, and for them 25% of expenditure is reimbursed by FEOGA. This low reimbursement rate was one of the reasons why I suggested tackling matters through the Less Favoured Areas Directive.

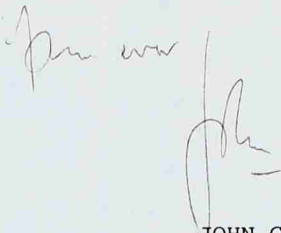
4. Similar considerations apply to Finland though, as I made clear in my earlier letter, their overall needs are more difficult to

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accommodate. Of course doing anything for acceding Member States might encourage demands from existing Member States. But that is scarcely a reason for doing nothing; and is why I suggested a latitude or temperature criterion might be used as a main determinant of any new provision.

5. In my view the approach in your letter is too narrow and in practice unlikely to result in a less costly outcome.

6. I am copying this letter to the Prime Minister, other members of OPD(E), Sir Robin Butler and HM Ambassadors in Stockholm and Helsinki.

A handwritten signature in dark ink, appearing to read 'John Gummer', is written above a vertical line. To the right of this line is a large, stylized signature that appears to be 'JG'.

JOHN GUMMER