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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

An interesting despatch, worth a look before the Anglo-German Summit.

CDP 17/2.

MO

15 February 1989

Dear Charles,

The Future of German Agriculture

attached

The paper being prepared by the Treasury, in response to your letter of 23 January to Nigel Wicks, on German and Japanese structural surpluses refers to a recent despatch from Bonn on the future of German agriculture. I enclose the text, which the Prime Minister may be interested to see before her meeting with Chancellor Kohl. It highlights the structural inefficiencies of German agriculture, and the extent to which Government policy slows structural change.

We would not entirely agree with the despatch's rejection of nationally-financed income subsidies as a possible partial solution to the German problem, and particularly as a means of securing continued CAP reform with reduced costs to the EC budget and the British taxpayer. Nationally financed income support measures need not be excluded, so long as they were within a Community framework to ensure that they did not distort competition, stimulate production or impose costs on other member states. We must certainly maintain pressure on the Germans on CAP reform, even though they appear willing to shoulder the lion's share of the costs of the current regime: on Commission figures, their 1988 net contribution to the Community was five times ours.

I am copying this letter to Shirley Stagg (MAFF), Jonathan Taylor (HMT) and Trevor Woolley (Cabinet Office).

Yours,

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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FOREIGN AND COMMONWEALTH OFFICE
WESTERN EUROPEAN DEPARTMENT
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THE FUTURE OF GERMAN AGRICULTURE

HER MAJESTY'S AMBASSADOR AT BONN TO THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

THE FUTURE OF GERMAN AGRICULTURE

SUMMARY

1. This despatch reviews the prospects for German agriculture against the background of CAP reforms agreed by the Community. Will structural evolution open the way to German acceptance of a market-oriented agriculture policy? (paragraphs 1-2).

2. German agriculture is small-scale and far from cost-efficient; the German farmer is a traditionalist not an entrepreneur (paragraphs 3-6).

3. Economic pressures and other factors are likely to lead over the next 10 years to a rapid fall in the number of farms and a corresponding increase in average size (paragraphs 7-11).

4. Agriculture in Germany is about more than food production. It serves social objectives and is identified with values rooted deep in the German psyche. Preservation of numerous family farms has a high political priority (paragraphs 12-14).

5. The Kohl Government has increased spending dramatically to stave off a fall in farm incomes. Present level of spending will continue but no increase is in prospect. Kiechle is unable to stem the tide of structural change but is introducing set-aside, extensification and early retirement schemes. We should be alert for attempts to turn extensification premia into a long-term system of income support (paragraphs 15-19).

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British Embassy
BONN

2 January 1989

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
London SW1A 2AH

Sir,

THE FUTURE OF GERMAN AGRICULTURE

Introduction

1. In his despatch (DD 1985/302) of 15 July 1985 my predecessor analysed the reasons for the disproportionate political weight accorded by the Federal Government to farmers. To protect their interests the Kohl Government had even invoked the Luxembourg compromise in Brussels, the first occasion Germany had done so. It seemed likely that Germany would continue to oppose the price reductions and other measures which we considered necessary to bring the CAP under control. It was also predicted that German agriculture, handicapped by its small farm structure, would continue to find life hard in the competitive Community market.

2. The decision of the European Council in February 1988 to subject CAP expenditure to binding budget discipline, backed by automatic stabilisers in each sector, was a watershed in our reform efforts. Stabilisers are likely to lead to unprecedentedly large cuts in EC support prices and farm incomes. Other novel measures, notably set-aside, extensification and early retirement, have been introduced at the same time. It is therefore timely to review the situation of agriculture in this country and to look some way into the future. The question to be answered is whether German agriculture is likely to become structurally more like our own, more efficient, less dependent on high EC support prices and consequently better able to cope with the rigours of a more market-oriented Common Agricultural Policy. If so, can we look forward to any lessening of the German

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Government's resistance to further reductions in support to farmers under the CAP? In what follows I am indebted to the knowledge of Mr Paul Elliott, who will shortly leave the post of First Secretary (Agriculture) in this Embassy.

"The most inefficient agricultural system in Northern Europe"

3. This judgement was made in *Farmers' Weekly* in a series covering the Netherlands, France, Denmark, Italy and Belgium as well as the Federal Republic. There are plenty of signs of structural weakness in Germany to support it.

4. There are still 681,010 farms on a smaller agricultural area than is occupied by the United Kingdom's 254,300, giving an average size of 17.4 hectares as against over 70 hectares. The average dairy herd is 15 cows, compared with 20 in France, 39 in the Netherlands and 61 in the UK. Similar differences apply in other sectors. Nearly half of German farms occupy under 10 hectares. Many, 41% of the total, are part-time farms, and the figures for full-time farms alone are more respectable. But a further weakness is the small number of really large farms. Under 1% have 100 hectares or more and only 6% have over 50 hectares.

5. Economies of scale are there for the taking. It is only necessary to compare North Germany, with its more favourable structure, with the South. In Schleswig-Holstein the average size of a full-time farm is almost double that in Bavaria. Labour intensity measured in labour units per hectare is lower by almost two to one and farm income is correspondingly higher at DM 50,145 per farm compared with DM 38,940. It is instructive also to compare German and Dutch agriculture, since average farm size is similar, and both countries have a strong currency and a high standard of living. There the similarity ceases. The average Dutch farm of 16.2 hectares, more specialised and with more intensive livestock production, made a profit of DM 53,404 per worker in 1983/84 compared with DM 20,330 in Germany. These figures and other analyses suggest that an increase in the scale of German farming is the key to an improvement in incomes and long-term viability. But it is also a fact of political life that widespread adoption of Dutch-style farming methods, with very high livestock numbers on small farms, is unacceptable here, primarily for environmental reasons. It is hard, therefore, to avoid the conclusion that the average German farm must acquire more land.

6. Yet size does not tell the whole story. German farmers argue that they are handicapped by higher costs than their neighbours, partly through what they see as excessive government regulation of building standards, safety, waste disposal, crop spraying and so on. There is truth in this, although it overlooks the fact that producer prices are also higher in Germany and that in some cases profits per hectare exceed those in the UK. A major problem is the high level of (often self-inflicted) fixed costs. Per 1,000 hectares of arable land there are 205 tractors and 28 combines; corresponding figures for the UK are 74 and 14. Farm dwellings and livestock accommodation, even on farms with moderate incomes, are also

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imposing. One sees almost no farms which look run-down. This reflects a difference of mentality compared with the UK. German farmers visiting British counterparts return struck by the extent to which the latter subject decisions to the test of profit. They comment on the British tendency to put up cheap, practical buildings to house livestock rather than something more attractive and technically perfect, and they are surprised how quickly crop rotations are varied in response to shifts in market conditions. They shake their heads at the way in which traditional methods and long-standing practices are jettisoned; and they themselves are slow to switch to new crops such as sunflowers. The German farmer is a traditionalist and a perfectionist not an entrepreneur. "Agri-business" is still a dirty word.

Prospects for Structural Change

7. Structural change is nothing new to German agriculture. There are now a third fewer farms than in 1970 while the agricultural area has declined by only 6%. The result has been a 50% increase in average farm size. Farm numbers contracted by over 4% a year in the mid-1970s and 2% in the early 1980s, picking up again to 3.8% in 1986-87. The speed of change is determined not only by economic pressure within agriculture, which has pushed up the minimum size for viable operation, but also by external factors such as the availability of jobs outside. The typical pattern is for a full-time farmer whose farm has become unviable to go over to part-time farming, or for his son to find a job nearby because there is insufficient work for them both. The farm then continues on a part-time basis until the next generation leaves agriculture altogether. Thus from 1986 to 1987 12,000 full-time farms went part-time, a greater number than went directly out of production, and 18,000 part-time farms gave up.

8. Several things follow from this process. Firstly it means that the part-time sector is significant, accounting for 24% of the workforce, 13% of total farm area and 9.4% of produce sold. Most part-timers are not mere hobby farmers as in the UK. Secondly while the proportion of part-time farms has grown - from 35% in 1970 to 41% now - their absolute number is falling so resources are being freed for structural improvement. Thirdly falling prices mainly threaten the weaker full-time farms, since the majority of part-time farms have satisfactory total incomes of which only a small part (average DM 5,648 pa) comes from farming.

9. The situation of the 350,000 full-time farms is far less encouraging and points to rapid contraction ahead, especially since market prices are more likely to fall than to rise. Annual farm income (DM 33,771) and annual income per labour unit (DM 25,503) are both stagnating not far above the level of the mid-1970s. In the same period the comparable wage in outside occupations - a figure the government is legally bound to publish in its annual Agriculture Report - has risen by 53%. This parting of the ways is the main cause of the farmers' bitterness.

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10. The bottom quartile of full-time farms managed a paltry average income of only DM 6,761 in 1986/87. About a third are judged to be living off capital: even in the structurally stronger areas of Schleswig-Holstein and Westphalia one is told that around a quarter of the farms are unviable in the longer term. A more reliable indicator of long-term viability is considered to be a current standard income of over DM 60,000 a year: only one fifth of German full-time farms currently reach this level. Others will survive through amalgamation or acquisition - and one should not underestimate the tenacity of farmers struggling to hang on to their land - but it seems reasonable to expect the number of full-time farmers to drop by between a half and a third over 10 years. This assumes some further reduction in the level of support provided by CAP market mechanisms such as intervention, and the continuation of broadly the present level of direct subsidisation and tax reliefs. Agriculture Minister Kiechle told me himself that he expected there to be only 200,000 full-time farms by the end of the century, a figure in line with the above prediction.

11. Other important indicators also suggest rapid structural change. Numbers of persons studying agriculture or pursuing similar courses have fallen dramatically. Moreover the average age of farmers (including part-timers) is relatively high: one-third are aged 55 or over. According to a questionnaire in 1985 only 45% had a named successor who was definitely going to take over, suggesting a high rate of dropout among part-time farms to complement the fall in full-time farms. One estimate for Bavaria is that the present 234,000 farms (53% part-time) might shrink to 150,000 within 10 years. The feeling across the country is that, barring dramatic changes in policy, the number of farms is going to fall rapidly. Surviving full-time farms will be larger and better equipped to compete. Quite how competitive they will actually be will partly depend on their readiness to adopt more entrepreneurial attitudes. Economic pressures and the advent of a younger generation should bring improvement here.

The Political Response

12. Forecasts of a large fall in farm numbers are not music to the ears of CDU/CSU politicians, who instinctively want to preserve existing numbers of small family farms. For them farmers represent an important repository of conservative values. In the words of the late Franz-Josef Strauss: "Independent self-supporting farmers rank among the most loyal and reliable partners of our State and its people". The determination with which the Kohl Government set out to defend Germany's small farm structure - and in particular championed the family farm against so-called industrial farming - owed a certain amount to this philosophy, a great deal to electoral considerations and much to an only half-rational identification of the interests of farmers with the wider objectives of rural policy.

13. Maintenance of a patchwork of small and medium-sized family farms is seen as the only way to safeguard the "natural bases of life", to prevent depopulation of the eastern borders and the uplands, to maintain the vitality of rural communities and to preserve a neat,

/Cultivated

cultivated landscape from the ravages of man and nature. Politicians and officials are almost obsessive about this. "Your German likes the country, but he prefers it as the lady thought she would the noble savage - more dressed", wrote Jerome K Jerome, whose amusing account of the German predilection for nature tidied up rather than in the raw in *Three Men on the Bummel* (1900) I recommend.

14. Agriculture in Germany, then, is about more than food production. It is seen as the guardian of the countryside and is bound up with a way of life and a set of values to which the urban population too feels deep attachment, albeit without wishing to adopt them. This is one of the main reasons - the other being the electoral system - why the influence of the farmers on the Government's EC and trade policy is more pronounced in this country than in some other Member States where they are proportionately more numerous. Policies designed to change the methods and scale of agricultural production are seen as a threat to rural life *per se* and to an important element of German culture.

15. Kiechle responded initially to farmers' income problems by pumping in more money while fighting a damage limitation action in Brussels. For several years it seemed as if no month - and certainly no Land election - went by without the announcement of a new federal subsidy. From 1983 to 1987 the federal agriculture budget rose by a third to DM 7.1 billion, compared with a rise of 6% for the federal budget as a whole. The figures take no account of tax reliefs such as the VAT-based subsidy introduced in 1984, worth DM 2.7 billion a year in tax revenue foregone since then. The 1988 budget figure went up again to DM 8.6 billion. Most of the extra since 1983 has gone to increased spending on the farm social security system (up by DM 1.3 billion to DM 4.8 billion), income subsidies in Less Favoured Areas (up by DM 380 million) and milk outgoers' schemes (DM 356 million). The Länder are also spending more. The result of this massive effort is that one third of the income of all full-time farms now comes directly from the State; and while incomes have stabilised instead of falling as in the UK, they are still way below the level of the comparable industrial wage. The Government considers this politically and socially unacceptable in the long run. Meanwhile the Finance Minister has made clear that the bottom of the barrel has been reached and that there is no new money available to try to turn back the tide of structural change. Ideas such as Franz-Josef Strauss' proposal for a basic State wage for all farmers in recognition of their non-agricultural services to society, are now seen as non-starters.

16. Some national money is available to fund three new EC schemes for which Kiechle can claim part of the credit: set-aside, extensification and early retirement. Kiechle insists that the prime objective of all three is the same - to reduce production. This squares with his long-term aim of dealing with surpluses by dirigiste

/Measures

measures such as quotas on the one hand, and voluntary incentives for non-production on the other. But the structural effects are likely to be more interesting, since no one except the Agriculture Ministry really believes that the effect on production is likely to be enough even to offset the effects of year-on-year increases in productivity.

17. Under the early retirement scheme a farmer who has reached the age of 58 and undertakes to give up production altogether can apply for payment of the pension due normally at 65, together with a payment of between DM 150 and DM 600 per hectare of land taken out of production. Alternatively land can be let or sold. The Finance Minister has cut the scheme back, another indication of declining Government readiness to spend ever-increasing sums on the farmers. The talk is now of 27,000 farmers and 165,000 hectares taken out of production, compared with much larger figures earlier. The scheme could nevertheless give a useful push to structural change if much of the land is immediately sold or let to other farmers. If the farmer disposes of the land only when he is 65, the potential benefits to other farmers seeking to expand will be delayed. It is too early to see what pattern will develop.

18. We too have supported and adopted set-aside. We see it partly as a cushion for farmers who would find it hard to cope with falling support prices. One effect may be to retard structural improvement. Landowners who would otherwise have let or sold land may be tempted to opt instead for the premia offered under the scheme. These are attractive in Germany, ranging from DM 800 to DM 1,440 per hectare. The size of the premia may cause land rental prices, currently averaging DM 471/hectare for arable land, to rise and this too will make it harder for profitable farms to expand. Again it is too early to say what will happen, but it seems that set-aside is proving more attractive in the already better structured northern parts of the country, while in the south and the less favoured areas there is more interest in extensification. It is not coincidental that this is in line with the wishes of the southern Länder governments, which are concerned that set-aside may be bad for the appearance of the countryside and thus for tourism.

19. Whatever the reasons for this differential uptake of the two schemes, the structural effects are unlikely to reverse the contrast between those areas, mainly in the north, where farming is by German standards large-scale, and most of the south and less favoured areas where part-time farming and/or dependence on direct subsidies are increasingly the rule. Areas such as Schleswig-Holstein where farming most resembles the UK pattern will continue to draw ahead in farm size and ability to stand on their own feet. Extensification in the south and less favoured areas, on the other hand, could render some farms viable without stepping up production, perhaps by switching to organic farming. Developments of this kind are welcome but we need to watch for any tendency to convert the present extensification scheme, which is designed to assist the process of conversion, into a long-term vehicle for paying unviable farms income subsidies from EC funds.

20. Kiechle's attitude to structural change has altered in the last

/two years

two years, in the face of the losing battle in Brussels and the unavailability of additional national finance at home. Where once he talked of preserving as many small and medium-sized family farms as possible, he now preaches increased efficiency. In May 1987 he admitted: "In the long run there is no agricultural policy which can turn inefficiency into prosperity". He has evidently decided that major structural change is inevitable but wishes to slow it down to make it, as he would say, socially and politically bearable. His strategy now is to concentrate resources more on family farms, and to prevent their displacement by burgeoning agri-business. If the bulk of the 200,000 full-time farms which he expects to exist at the end of the century were family farms he would probably consider he had achieved as much as anyone could.

21. His latest measure aims towards that result. Described as a socio-structural income compensation scheme, it redistributes DM 1.1 billion a year saved by the 2% reduction, required under the Community's decisions, in the VAT-based subsidy introduced in 1984. It consists of a basic payment of DM 1,000 per farm per year plus DM 90 for each hectare over 10 up to a maximum of DM 8,000. Any farm with over 120 cows, 200 breeding sows or equivalent numbers of other livestock will receive no subsidy at all. Such farms are now also to have restrictions on new buildings. Comparatively few farms will be affected by the ceiling, and the majority will have considerable scope for growth without losing subsidy; but the Government is giving notice that growth beyond certain limits is socially undesirable.

22. Other measures too have discriminated against the larger farmer. When milk quotas were introduced the cutback imposed on the smallest producers was 2% but 12% on many large producers. Rebates payable from 1986 on farm social security contributions were weighted in favour of the smaller farmers, and the Government has pressed in Brussels - with some success - for measures such as the exemption of small cereals farmers from coresponsibility levy.

Länder Programmes

23. Most Länder governments are at least as keen as the Federal Agriculture Minister to preserve family farms and, since they do not have direct experience of negotiations in the EC, their perception of the need for change is limited. It is as well, therefore, that most of their expenditure on agriculture is only semi-autonomous under the nationwide Programme for the Improvement of Agricultural Structure and Coastal Protection, of which the federal authorities fund 60% (out of a total of DM 2.4 billion in 1988). The main object is the improvement of rural infrastructure but payments to less favoured areas, income subsidies under another name, take up 30% of the total. A number of Länder have introduced other measures to bolster the incomes of farmers in difficulty. These tend to conserve existing structures rather than to promote efficiency. For example Lower Saxony has spent DM 100 million on a once-off scheme to purchase land from highly indebted farmers, which was mostly let back to them. Aids for diversification and help with the introduction of new crops - such as Schleswig-Holstein's 20% grant towards the purchase of flax harvesting machines - are more far-sighted.

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24. Encouragement for farmers to switch to part-time activity is mainly non-financial. The advisory services play an important role. Advice is provided free in the southern Länder. Bavaria alone has an extension force of 2,120, costing over DM 400 million a year. It is also an important aim of federal and Länder regional policy to provide employment in rural areas, both to maintain the viability of rural communities and to make it easier for farmers to carry on part-time. In Hesse, for example, the great majority of farms within easy reach of Frankfurt are part-time. But the problem is greater away from the major towns. Germans are beginning to recognise, later than we did, that rural areas must become more diversified. Your call for ploughshares to become golf clubs ought to arouse an echo in a country where the market for golf courses is not yet saturated.

Agriculture and the Environment

25. Proliferating environmental measures reflect a genuine public concern for nature conservation and environmental protection and also the desire of the Länder to be seen to support their farmers. Several Länder have combined their agriculture and environment Ministries. Most schemes are similar to those in the Environmentally Sensitive Areas of the UK. Farmers are paid not to drain wetlands, plough grasslands, use fertiliser or machinery on the land at certain times of the year, spray round the margins of fields (to encourage wild flowers), destroy traditional orchards and so on. Rules on the storage and disposal of manure and effluents have been tightened up, and three Länder have set tight limits on the spreading of animal waste on the land.

26. Environmentalist pressure on agriculture is bound to go on increasing. There is scant public tolerance for practices which pollute water supplies and destroy natural flora and fauna to produce more surplus food. The animal welfare lobby is not as militant as in the UK but I would expect increasing protest against the widespread practice of keeping cattle chained up indoors all year, often without straw to lie on. The effect of this pressure, however desirable the results in their own right, may be to hamper farmers' efforts to reduce costs and improve efficiency. If the federal or Länder governments insist on going further than the rest of the Community, German farmers will be even less competitive and even more dependent on Government compensation and subsidies.

Conclusions and Policy Implications

27. Until recently the stock response of German politicians and officials to our arguments for a more market-oriented CAP was that such a policy might be reasonable under UK conditions but was not tolerable for Germany's small farmers. They urged patience: growth in job opportunities outside farming, together with the ageing of the farm population, would solve the structural problem in 10 years or so. Meanwhile it would be wrong to try to speed things up by putting a squeeze on farm incomes.

28. The fact that the squeeze is now occurring - increasingly as stabilisers bite - represents a substantial victory for our policy of

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meeting German opposition to price cuts head-on and urging the EC Commission to do likewise. As I have described, German agriculture can expect rapid structural change, with full-time farms perhaps halving in number over 5 to 10 years and becoming larger on average, as only the more cost-efficient survive. Concentration will speed up if there is agreement in the Uruguay Round on faster reductions in Community price support, or if the green money system were abolished in the run up to 1992, allowing Mark revaluations to trigger automatic price cuts. But the latter looks most unlikely. I cannot see any Federal Government accepting an outcome which seemed to impose greater sacrifices on German than other EC farmers.

29. When I talk to Kiechle he acknowledges some economic virtue in structural change. But he has not suddenly been converted to liberal agricultural policies. He remains as determined as ever to conserve what he can of the pattern of family farms throughout Germany. This desire is shared to some extent by the entire political establishment including the Länder and the Federal Chancellor. With the combination of measures which I have described they will almost certainly succeed in preserving in the medium-term a very large number of family farms. Many will be small and part-time and their continued existence long-term will largely depend on social attitudes in the younger generation. But there will still be a substantial number of full-time farms dependent largely on subsidies. The more the numbers contract, the more concerned the authorities will be to preserve those which remain.

30. At the other end of the scale the Government seem determined to prevent the growth of very large farms or what it regards as undue concentrations of livestock. But the limits it envisages will leave plenty of room for the majority of remaining full-time farms to grow substantially. There is thus likely to be more polarisation between the large full-time farms, which will simply have to try to become as cost-efficient as their Dutch and British counterparts, and a large number of small, largely part-time farms dependent on outside income and State assistance. While in German industry the growing North-South divide involves a shift of prosperity southwards, in agriculture it will be mainly farms in the Northern Länder that are internationally competitive compared with greater Southern reliance on subsidies. A similar accentuation of contrasts may also come about within each region. This will give rise to pressures for action to ensure that at least some farming is carried on everywhere and that remoter areas are not depopulated.

31. In sum, therefore, even if one section of German agriculture becomes better able to stand on its own feet, there is still likely to be a substantial element which is uneconomic and which Government supports for social reasons. The level and extent of dependence on subsidy may rise if strict environmental controls on agricultural practices are introduced. For us it may be tempting to conclude that all this is acceptable provided the Germans carry the financial burden. This might be the best outcome provided that major distortions of competition could be avoided. The drawback is that the burden would be a heavy one and successive German governments could be tempted to press for higher

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CAP prices as an alternative means of raising farm income. I do not therefore think that it would be profitable to encourage the Germans to seek a special national solution to their agricultural problems in return for their support for more market-oriented policies on the Community level.

32. Even if that support were forthcoming, it would be half-hearted. Kiechle's view of the long-term direction of the CAP differs fundamentally from the United Kingdom's. The British aim is to exploit free market forces to maximise the efficient use of economic resources in agriculture. German agricultural policy objectives, as I have described, are conceived primarily in terms of social policy. Even so, the two governments can agree on the need to bring supply and demand back towards a better balance. We can agree on some of the measures, including set-aside and milk quotas, needed to achieve this. But, if production was one day brought down to the level of domestic demand, Kiechle or his successors would almost certainly want to raise CAP support prices again, keeping the lid on production by quotas, set-aside and other interventionist measures. The UK would regard it as an ideal opportunity to let market forces determine prices and production patterns.

33. To answer the question which I posed at the start of this despatch, I would expect in ten years' time to hear less special pleading from the Germans about the problems caused by their poor farm structure. Agriculture will be in better shape even though they will still have several times the number of farms in the UK. But I would not expect them to become much easier negotiating partners in the meantime and perhaps not even then. German agricultural policy has been protectionist for nearly all this century. This instinct is unlikely to change as long as there is a significant part which continues to depend on public support. As a result, progress in the Community and the GATT towards a more liberal agricultural system is likely to mean overriding German arguments that we want to go too far, too fast, or both. I see no realistic alternative to our present course of keeping the Germans under pressure on the broad direction of policy while co-operating as far as possible over the details.

34. I am sending copies of this despatch to HM Representatives at EC posts, Canberra, Ottawa, Washington and Wellington; the Consuls-General in the Federal Republic; the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, the Secretaries of State for Northern Ireland, Scotland and Wales; and the Cabinet Office.

I am, Sir,
Yours faithfully

C L G Mallaby

C L G Mallaby