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Secretary of State for Trade and Industry

16 February 1985

The Rt Hon Michael Jopling MP
Minister for Agriculture, Fisheries
and Food
Whitehall Place
London SW1

Prime Minister
CDD
19/2

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R. Michael,

CAP

Nigel Lawson sent me a copy of his letter to you of 6 February. I entirely agree with him that we must press for the greatest possible restraint in the coming Price Fixing.

2 However, this can at best do no more than contain the problem and alleviate its symptoms. The Common Agricultural Policy remains an inefficient way of ensuring stability in the agricultural sector: its costs are huge (and seem at times to be virtually uncontrollable); it maintains food prices in the EC far above world levels; and it requires the disposal of surplus produce to third countries at knock-down prices which disturb the stability of world markets and which therefore increase tensions with major trading partners such as the US. Like Nigel, I am sure that radical reforms are essential. If, as expected, the Commission launches a long-term review of the CAP we must put as forcibly as we can the case for changes of the kind Nigel mentions. These will indeed be difficult to negotiate, but our aim must be to persuade our Community partners that early reform will be better for all concerned than eventual collapse.

3 I am copying this to the Prime Minister and other Cabinet colleagues and to Sir Robert Armstrong.

NORMAN TEBBIT

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