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10 DOWNING STREET

From the Private Secretary

15 April 1985

Dear Ivor,

1985 CAP Price Fixing

BF //

The Prime Minister has seen the Minister of Agriculture's minute of 10 April. She is ready to send a message to Chancellor Kohl about the price fixing. I should be grateful for a draft. She also agrees not to pursue a meeting with Mr. Andriessen.

I am sending copies of this letter to the Private Secretaries to members of OD(E) and to John Graham (Scottish Office), Colin Jones (Welsh Office), Jim Daniell (Northern Ireland Office) and David Williamson (Cabinet Office).

over taken  
by FCS to PM  
15.4

Yours sincerely  
Charles Powell

(Charles Powell)

Ivor Llewelyn, Esq.,  
Ministry of Agriculture, Fisheries and Food.

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cc/c



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

CONFIDENTIAL

PRIME MINISTER

1985 CAP PRICE FIXING

Prime Minister CDP - announced  
Agree to send message to Kohl? (I will commission a draft)  
Agree CDP 13/4. Yes not

We have spoken briefly about the agricultural price fixing negotiations following the Council meeting on 1 and 2 April. This meeting made no progress primarily because of the German attitude on cereal prices and on the dismantlement of their positive MCAs. But, as is usual, most other Member States want a less restrictive outcome than that implied by the Commission's proposals. They would be content, if not positively in favour, of price determinations above what the Commission have proposed. Indeed, it seemed fairly clear that the Italian Presidency were not in any hurry to see a settlement since the proposals include a number of reductions in prices for Mediterranean countries. While there is delay in fixing new prices, the old ones will continue.

The German CSU Minister, Kiechle, has given commitments to his farmers that they will not suffer any price cuts this year. To achieve this objective he has not only to block the revaluation of the German mark that the Commission have proposed (which outcome would not cause us undue concern), but also prevent any decreases in common prices from affecting German farmers. Given the large and potentially very costly surpluses of cereals that have emerged in the Community in recent years, it is in my view essential that the Council agree on a substantial price cut. To do otherwise would send quite the wrong signal to producers. Further, the German attitude on cereals is important not only because it is a major commodity, but also because it has knock-on effects for other commodities. The Italians and Greeks are highly unlikely to accept the proposed price cuts for the commodities of interest to them, unless rigorous action is not also taken on cereals.

/It would .....

It would be helpful if you could approach Kohl, and if Nigel Lawson could tackle Stoltenberg, in order to try to persuade the Germans that they really must modify their position. We know that Kiechle's present line has been endorsed by the German Government as a whole but there must be some Ministers who feel uncomfortable at their position given their professed commitment to budgetary discipline.

Under the Treaty the Commission proposals can, of course, only be amended by unanimity. So long as the Commission remain firm, we are in a position to block a settlement which is more generous than the one proposed. So far the Commission have not indicated to the Council a willingness to amend their proposals, though they are clearly concerned at the deadlock and the confrontation with the Germans.

I have reflected on whether you should invite Mr Andriessen to see you when he is here in London on 15 April. His visit is for a bilateral discussion with the Americans on neutral territory. In these circumstances, I am rather doubtful whether it would be appropriate or wise for you to seek a meeting with Mr Andriessen at this juncture in the negotiations. I understand that you are due to see Mr Delors before the May Agriculture Council. Since it is most unlikely that a settlement is going to be reached on 22/23 April, it could be much more effective for you to tackle Delors just before what seems likely to be the timing of the crunch in the negotiations.

I am sending copies of this minute to the members of OD(E) and Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

*C. Hender*

*for*

M J

10 April 1985

(Approved by the Minister  
and signed in his  
absence)

*meeting  
not  
pursued  
11/4*

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