

Ref. A086/484

PRIME MINISTER

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Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report that all member states other than Denmark (and possibly Greece) are expected to sign on 17 February the text which resulted from the Intergovernmental Conference. The United Kingdom is ready to do so. The text, however, can only enter into effect when signed by all 12 Governments and approved by all 12 Parliaments.

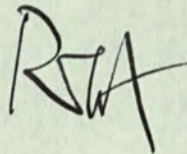
2. The Minister of Agriculture, Fisheries and Food may say that the European Commission have now tabled their proposals on agricultural prices for 1986-87. United Kingdom policy towards the whole package will be discussed in a meeting of the Defence and Overseas Policy Committee Sub-Committee on European Questions (OD(E)) on 6 March and most Ministers will not want to prejudge that discussion. The proposal is basically a price freeze for all major commodities. For cereals there would also be some changes in intervention arrangements which would have the effect of reducing the effective support and should reduce the cost. In addition, there would be a 3 per cent levy on cereal farmers but applied in a manner against the United Kingdom's interest. For beef public intervention would only be available in future in exceptional circumstances and a new system of direct aids would be introduced for specialised beef producers. For butter the intervention price would go down by 4 per cent. The proposed package as a whole is clearly restrictive. The estimated financial effect is a reduction in the Community budget of about 400 million ecu (£260 million) in 1986 and of about 780 million ecu (£500 million) in 1987.



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Despite this, however, the Commission estimates that because of the fall in the dollar they will still need a supplementary budget in 1986.

3. The Foreign Affairs Council will take place on 17-18 February; there is to be a special meeting of Trade Ministers on 17 February; and an informal meeting of Employment Ministers on 17-18 February. The European Parliament will be in session from 17 to 21 February.



ROBERT ARMSTRONG

12 February 1986