

CONFIDENTIAL



COBG ✓  
NEW ST. ANDREW'S HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON

EDP  
18/9.  
// September 1986

Dear Geoffrey

GREEN POUND

I have seen Michael Jopling's letter of 10 September and am taking this opportunity to put my views on the matter on record since other commitments prevented me from attending, or being represented at, the OD(E) meeting on Monday.

I fully support our objectives of securing necessary reform of the Common Agricultural Policy, and especially of bringing agricultural spending under tighter rein, and I accept that these must remain our overriding policy objectives during our Presidency and beyond. At the same time I have to recognise that Scottish agriculture is in a generally poor state and that the massive (75%) drop in farm incomes following last year's severe weather has badly damaged the economic stability of this important industry. While I would expect some recovery in farm incomes this year, this will not be particularly significant - and certainly not sufficient to place the industry on a firm footing.

The industry in Scotland is well aware of the Irish proposal to devalue their green currency and awaits our reaction with anxiety. If the Irish proposal is met, in whole or in part, farmers will expect parallel action here, as Scottish NFU leaders indicated at their recent meeting with the Prime Minister. Indeed, I understand that the President of the Union has written to the Prime Minister today to reinforce their case for a devaluation of the green pound. In these circumstances I would find it very difficult to defend our position if we were seen to be prepared to deny our producers an advantage which was to be given to the Irish. We have, after all, consistently stated that we shall oppose wholeheartedly unfair discrimination against our producers. I therefore fully support Michael Jopling's initiative in seeking a parallel devaluation of the green pound.

MMR25401

CONFIDENTIAL

I am copying this letter to the Prime Minister, Michael Jopling, other OD(E) members, Nicholas Edwards, Tom King, John MacGregor and Sir Robert Armstrong.

*Yours ever,*  
*Malcolm*

MALCOLM RIFKIND

MMR25401

Waco Por

CAP

Pt. 14

