

PRIME MINISTER

cf Mr Gow 2

mb

Agriculture Price Fixing Statement

The House was quite empty for Mr. Walker's statement. Norman Buchan, leading for the Opposition, attacked Mr. Walker's approach at length, both in broad terms and on details. Mr. Walker suggested that Mr. Buchan had not a leg to stand on, since the Opposition had put forward only two proposals in the field since the Election - a positive position on Green Pound revaluation and the demand to rate agricultural land.

Mr. Walker's performance and negotiating aims were supported from the Government side by Mr. Mills, Sir Marcus Kimball and Mr. Myles. Tony Marlow demanded an assurance that the Government would not contemplate an increase in the one per cent VAT ceiling. From the Opposition benches, Stephen Ross, Stan Newens and Christopher Brocklebank-Fowler were particularly concerned about Dutch subsidised gas for the glass-house industry. Mr. Walker pointed out that he had raised it seventeen times in Brussels. Douglas Jay argued that acceptable CAP reform was impossible. Mr. Walker pointed out that the CAP now absorbed 66 per cent of the budget, compared with 80 per cent three years ago.

Closing for the Opposition, Mark Hughes argued that Mr. Walker could not satisfy at the same time our taxpayers, our consumers and our farmers when the only mechanism for controlling European agriculture lay in the price proposals.

MP



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

✓ ASC.

From the Minister's
Private Office

European Policy

M Pattison Esq
Prime Minister's Office
10 Downing Street
London SW1

18th February 1982

Dear Mike MP

COUNCIL OF AGRICULTURE MINISTERS:
15-16 FEBRUARY 1982

I attach a final version of the statement which Mr Walker will make in the House today.

I am copying this letter to Ingham; Heyhoe (Leader of the House's Office); Maclean (Whip's Office, Commons); Pownall (Whip's Office, Lords); Wright (Cabinet Office); Buckley (Chancellor of the Duchy of Lancaster's Office), and to private secretaries of the other Agriculture Ministers and members of the OD(E).

Yours sincerely

Robert Lawson

ROBERT LOWSON
Private Secretary

AGRICULTURE COUNCIL - 15/16 FEBRUARY 1982

PARLIAMENTARY STATEMENT

With permission, Mr Speaker, I should like to make a statement on the Council of Agriculture Ministers' meeting in Brussels on 15th and 16th February.

The Council began its consideration of the Commission's price proposals for 1982. Reactions varied widely. The UK urged the need for prudent price increases on products in surplus, and Germany adopted a similar approach. Other countries called for much higher increases than the Commission's 9% average.

I expressed our rejection of the Commission's present proposal for a revaluation of the green pound that would result in British farmers obtaining price increases of less than 4 per cent on average, with severe consequences for their income levels.

The United Kingdom made it clear that the price settlement would have to keep the growth of guarantee spending below that of the increase in the income of the Community under present arrangements.

The Commission recognised the importance of taking early action to deal with the preferential gas tariff available to Dutch glasshouse growers. On United Kingdom insistence, supported by Denmark and Germany, the Commissioner undertook that he would take proposals to the Commission next week.

The Dutch Minister implied that prior to this he would endeavour to put proposals to the Commission which could result in an agreement without resort to the European court.

In accordance with his promise made to the United Kingdom at the last Council meeting, the Commissioner reported on the question of recent French national aids. He stated that France had not supplied the information required and that he would have to take legal action if this was not forthcoming.

/The French

The French Minister promised that the information would be forthcoming and I obtained a declaration from the Commissioner that if any of the cash announced in this aid was paid prior to being cleared by the Commission, such payments would be illegal and the Commissioner stated that he would be recommending to his colleagues next week action under Articles 92 and 93 of the Treaty for those elements of aids that were not legal.

In a discussion on Mediterranean products, we urged the need for effective measures to deal with a surplus of table wine in a way which would not add to the Community budget or harm the existing alcohol producers.

On olive oil, we, together with Germany, the Netherlands and Denmark, made it clear that we were opposed to any tax on competing oils and fats in order to make the market easier for imported olive oil.

The Council will resume its consideration of the price proposals at its meeting in March.



The French Minister explained that the information would be for the
 point and I obtained a certificate from the German Embassy that it
 one of the main arguments in this case was that it was to be used
 by the Commission, such as the Commission would be able to do and the Commission
 stated that the main point was to be used in the Commission and the
 action under Article 11 and 12 of the Treaty for the elements
 of this that were not legal.

In a discussion on the Commission's proposal, the main law
 restrictive measures to be taken with a view to the Commission in a way
 which would not add to the Community budget or harm the existing
 financial position.

118 FEB 1962
 7 6 9 4 3 2 1 0

in other words, we (together with Germany, the Netherlands and
 Norway), were in fact not opposed to any tax on capital
 and this in order to make the market easier to operate
 and give it
 the Council will examine the consistency of the proposed
 at the meeting in March.