



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

MINISTER OF AGRICULTURE

Prime Minister  
Content that we should  
not propose a  
reevaluation of the  
green pound?

A.J.C.  $\frac{4}{5}$

*mf*

k.a.  $\frac{2}{5}$

CAP PRICE FIXING ; GREEN POUND

Thank you for your minute of 28 April, in which you record that you would under continued pressure from the Commission reluctantly be prepared to accept some reevaluation of the green pound, but argue that you could not volunteer a reevaluation if this is not pressed on you in the negotiation.

2. You raise a number of points as to why the reevaluation I proposed in my earlier minute would cause you difficulties. While I recognise that it is modest I regard it as nonetheless worth having for all that. As I said in my earlier minute even fractional improvements in the RPI are important, and a small reevaluation would at least be indicative of our continued commitment to bring down inflation. I understand that the latest Presidency proposals on prices now average over 10.5 per cent; this further strengthens the case for a reevaluation.

3. Second, as I have said before, I do not accept that our attitude to a green pound reevaluation should be solely determined by the price increases in prospect for other member states; we must judge the case on our own circumstances.

4. I understand, however, that the Presidency have now included in their compromise package a proposal that there should be no change in the UK green rate. You have of course placed considerable emphasis on the right of individual member states to determine





their own green rates, and in principle this should allow us to volunteer a revaluation as well as resist one. Nevertheless, I recognise that, if the present Presidency proposal remains unchallenged as the price fixing negotiations are completed, you would find it politically difficult to propose a revaluation which others were not pressing us to accept. Very reluctantly, I am prepared to accept that you should go along with this aspect of the package, unless it is reopened by the Commission or other member states.

5. This turn of events has prevented us from having a collective discussion of our policy on the UK green rate in the way OD(E) originally envisaged. I attach considerable importance to taking a considered look at this issue well in advance of the next price fixing in the light of the information about this year's developments in UK farm incomes, which should be available before the end of 1982.

6. I am sending copies of this minute to the other recipients of yours.

A handwritten signature in black ink, appearing to be 'G.H.'.

G.H.

5 May 1982

5 MAY 1982

