

PRIME MINISTER

I attach the text of Mr Walker's statement today about the Agriculture Council.

For the Opposition, Norman Buchan welcomed the French Foreign Minister's remarks separating the Falklands from the Mandate and price fixing issues. Mr Buchan naturally supported HMG's rejection of the new price proposals, but he sought confirmation that Mr Walker would not accept these even within a wider package on outstanding Community problems. Finally he stressed - as did Gavin Strang later - that decisions on such fundamental issues by majority were totally unacceptable.

David Steel suggested caution about the "warm embrace" of the Opposition. Farmers would be further dismayed about the continuing delay. Our European partners felt that, despite a major re-negotiation of our arrangements in the Community, we were now seeking further re-negotiation every year. Robert MacLennan later echoed, for the SDP, the growing impatience of the farming community.

In further exchanges there were some ritual references to the Government's manifesto statements about resisting price increases on products in structural surplus. There was also some probing of the Luxembourg Accord on questions of major national interest. But the House did not challenge Mr Walker's view of events.

12 May, 1982



COUNCIL OF AGRICULTURE MINISTERS MEETING ON 10 - 11 MAY

STATEMENT

With permission, Mr Speaker, I should like to make a statement to the House about the Council of Agriculture Ministers meeting in Brussels on 10 - 11 May.

The Council continued its discussion of the Presidency proposals on a number of major elements in the 1982/83 price fixing. After further Commission proposals, all Member States that had previously maintained reserves withdrew them, with the exception of the United Kingdom.

In the absence of further improvements the United Kingdom maintained our specific reserves on parts of the package in addition to our overall reserve that the agricultural and budget elements of the mandate of 30 May must be agreed in parallel.

I explained why important British interests were involved and why we could not agree to take decisions except by unanimity.

The next meeting has been provisionally arranged for 17 May.





4c Mr Ingham  
AJC.  
Then to me pl

MAF

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

From the Minister's Private Office

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

12 May 1982

Dear Mike MAF

COUNCIL OF AGRICULTURE MINISTERS: 10-11 MAY 1982

I attach a copy of the statement which Mr Walker hopes to make in the House today. I would be grateful for immediate clearance.

I am copying this letter to Bernard Ingham; David Heyhoe (Leader of the House's Office); Murdo Maclean (Whip's Office, Commons); Michael Pownall (Whip's Office, Lords); David Wright (Cabinet Office); Keith Long (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  
Principal Private Secretary

COUNCIL OF AGRICULTURE MINISTERS MEETING ON 10 - 11 MAY

DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement to the House about the Council of Agriculture Ministers meeting in Brussels on 10 to 11 May.

The Council continued its discussion of the Presidency proposals on a number of major elements in the 1982/83 price-fixing. After further Commission proposals, all Member States that had previously maintained reserves withdrew them, with the exception of the United Kingdom.

In the absence of further improvements the United Kingdom maintained our specific reserves on parts of the package in addition to our overall reserve that the agricultural and budget elements of the mandate of 30 May must be agreed in parallel.

*explained why important Br. interests were involved and*  
I ~~successfully resisted attempts by the Commission, supported by some~~  
*why we could not agree to take decisions except by unanimity*  
~~other countries, to depart from the normal procedures for negotiating~~  
~~until there is unanimous agreement.~~

The next meeting has been provisionally arranged for 17 May.



## Council of Agriculture Ministers

3.38 pm

**The Minister of Agriculture, Fisheries and Food (Mr. Peter Walker):** With permission, Mr. Speaker, I should like to make a statement to the House about the Council of Agriculture Ministers meeting in Brussels on 10 to 11 May.

The Council continued its discussion of the Presidency proposals on a number of major elements in the 1982-83 price fixing. After further Commission proposals, all member States that had previously maintained reserves withdrew them, with the exception of the United Kingdom.

In the absence of further improvements, the United Kingdom maintained our specific reserves on parts of the package in addition to our overall reserve that the agricultural and budget elements of the mandate of 30 May must be agreed in parallel. I explained why important British interests were involved in this and that we could not agree to take decisions on this matter except by unanimity.

The next meeting has been provisionally arranged for 17 May.

**Mr. Norman Buchan (Renfrewshire, West):** I welcome the statement by the French Foreign Minister that the support for Britain over the Falkland Islands has no relation to our support or otherwise of the common agricultural policy's budgetary proposals. The Minister will be aware that we shall support him in resisting a further price increase. We opposed the 9 per cent. increase because it was too high. The figure now talked about is 10.5 or 10.7 per cent. We oppose that also.

Will the right hon. Gentleman deny the widespread belief that he would accept the price increases if a satisfactory solution were found to the total budgetary package? I hope that he will accept that we believe that agricultural problems—like the Falkland Islands—are a separate issue? Does he accept that? Finally, I assure the Minister that, like him, we would not accept a price policy imposed on Britain by a majority vote.

**Mr. Walker:** I am grateful to the hon. Gentleman for his comments. He has welcomed the French Foreign Minister's statement that there is no link between the Community's attitude towards the Falkland Islands and the negotiations. My colleagues in other Councils of Ministers have not met any Minister from any Community country who has mentioned, inferred or implied that there should be such a link. It would be monstrous if the Community's foreign policy were to be affected by other negotiations. In probably the toughest and most detailed part of the negotiations, no Minister, of any description, has ever suggested that there is any such linkage.

As regards overall price fixing, we continue with a number of reserves. The hon. Gentleman mentioned 10.5 and 10.7 per cent. The current average is probably 10.6 per cent. The figure varies greatly from one commodity to another. Ultimately, the overall package will be decided by what we consider to be in the interests of the British consumer and the British farm industry. We shall have to decide the final form of the package on a combination of those two.

The hon. Gentleman pledged his party's support to the principle that it would be wrong to impose on Britain, or

any other member State, an agreement that was considered to be against its national interest. I welcome that support. The Community has operated on that basis since 1966 and it would be disastrous to depart from that practice now.

**Mr. Buchan:** I think that the Minister has omitted to deal with one point. Will he give an assurance that he will on no account accept the figure that he has now defined as 10.6 per cent. merely to gain agreement on the total budgetary package?

**Mr. Walker:** No, I shall not give that assurance, because it depends on the total balance of the package and on what we obtain, to the benefit of British consumers, on such matters as the butter subsidy and the beef and sheep premium schemes. Like my predecessors, I shall have to judge the total balance.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I shall call those hon. Members who have indicated their wish to ask questions. We shall then move on.

**Mr. David Steel (Roxburgh, Selkirk and Peebles):** Will the Minister be extremely careful about the official Opposition's warm embrace for this tiny statement? Is he aware that there will be considerable dismay in the farming community over the fact that there is still no settlement of agriculture prices? Is the right hon. Gentleman further aware that this Bench would not accept trying the wider budgetary problems to this settlement? Does he realise that there is a feeling among our European partners that having renegotiated the terms of our membership once, we appear to be determined to do so annually?

**Mr. Walker:** I am shocked and surprised that the Liberal Party should be happy to agree a price fixing—with all its costs—without any idea of Britain's contributions to those costs. That is an utterly irresponsible policy. In the 30 May mandate statement our Community partners agreed that the agriculture and budget policies should be agreed in parallel. Therefore, the United Kingdom is not demanding something to which all the other Community countries have objected. The United Kingdom is demanding that Community countries should keep to the agreement of 30 May. I was interested to hear that the Liberal Party would agree to a price fixing without any knowledge of Britain's costs.

**Mr. John Spence (Thirsk and Malton):** From what date will the new prices apply to British farming? Will they apply from the beginning of the financial year, or from the date of agreement?

**Mr. Walker:** All previous Presidents—and presumably the same will happen this year—have made the date of application the date of the agreement, and it is not backdated.

**Mr. Nigel Spearing (Newham, South):** Will the Minister confirm that the reserve procedure that he mentioned is not a Treaty provision but comes within the Luxembourg arrangement of yore? If so, does he agree that the recent proposals from various quarters that we should revert to pure Treaty majority voting should be resisted by the Government?

**Mr. Walker:** Yes, Sir. The hon. Gentleman is correct in saying that the Treaty did not envisage that situation. It arose in 1966, when the Community came to a standstill.



[Mr. Walker]

Nothing happened for six months, until the agreement was thrashed out. Since 1966, and, therefore, prior to Britain's membership of the Community, that has been the basis of operation. Several other member countries strongly share my belief that it would be disastrous to move away from that situation.

**Mr. Peter Mills** (Devon, West): Given the Council's sometimes difficult stance on such matters, will my right hon. Friend make it clear in Brussels that he must be free to adjust, change or reserve his position?

**Mr. Walker:** Yes, Sir. Yesterday the Commission suggested that as nine countries had agreed that should be taken as what is described as an agreed point and that it should be approved or disapproved at a subsequent meeting. That would mean that one could either approve or disapprove of the package, but one could not open it to discuss the individual items. Naturally, the United Kingdom strongly resisted that. No such approach had previously been made in the history of the Community. However, I am glad to say that as a result of our resistance the Commission dropped that proposal.

**Mr. Ron Leighton** (Newham, North-East): This year, will the Minister adhere to the promises made in the Conservative Party's election manifesto by not agreeing to price increases for those goods in structural surplus?

**Mr. Walker:** I notice that the Labour Party's current position on the price fixing is that it desires a nil increase in all areas with a surplus—throughout the Community and not necessarily in the United Kingdom—and a 4 per cent. green pound revaluation. If the suggestion made by the hon. Member for Liverpool, Walton (Mr. Heffer) had been taken up, it would have meant a reduction in British farm incomes of one-third of last year's figures. That would have been disastrous for employment prospects in many of our industries.

**Mr. Tony Marlow** (Northampton, North): As the House is full of admiration for my right hon. Friend's robust defence of British interests so far, and as it is also full of admiration for and awe at my right hon. Friend's clarity of expression, and as the Conservative Party and Government gave a commitment to the British people that they would not accept from Europe price increases for commodities in structural surplus, will my right hon. Friend explain—beyond doubt and peradventure—what that means? Does it mean no price increase, no price increase above the average European rate of inflation, or no price increase above the British rate of inflation? Over what month is that calculated?

**Mr. Walker:** My hon. Friend has taken an interest in these matters and will know that under this Government prices in Europe for items in surplus and not in surplus have not increased in real terms. Throughout Europe there have been substantial reductions in farm incomes because in the past four years—including the proposals for this year—the average increase has been 6.5 per cent. That is way below the inflation rate in Europe.

**Mr. Robert MacLennan** (Caithness and Sutherland): Is the Minister aware that Social Democrats share the concern expressed by the leader of the Liberal Party—[*Interruption*—about the undeniably adverse effect on farm incomes of indefinite delay in reaching a price

settlement, particularly for commodities—began their marketing year on 1 April? As the farming community has suffered a massive loss of relative income under the right hon. Gentleman's stewardship and that of his predecessor, will he at least give that aspect of the matter some attention? Will he also tell us the position with regard to the clawback in the sheepmeat regime?

**Mr. Walker:** After last week's local government election results, I welcome the growing support of the Social Democrats for the Liberal Party. I am equally surprised that the Social Democrats join in alliance on the question of price fixing, saying that Britain should agree to price fixing without knowledge of the budgetary cost. I consider such a policy completely irresponsible. If the hon. Gentleman thinks that by mentioning the impatience of farmers to have price increases he gains some political advantage, I am glad to say that the leaders of the farmers unions show much more responsibility than he does.

**Mr. Teddy Taylor** (Southend, East): My right hon. Friend will not want to reveal his bargaining hand, but will he tell the House, in this desperately important constitutional matter, what options are open to the Government? If Ministers ignore the Luxembourg compromise and go ahead with a farm price increase by a majority vote? What is the sense of having further substantial increases for some commodities, such as sugar, where there is wild over-production?

**Mr. Walker:** I remember the latter point being put to me the year before world sugar prices rose to levels way beyond Community prices. This is an area in which stability of supply is important, and the years show violent variations.

As for the first part of his question, I believe that if that were to happen it would be very much against the interests of Europe and the Community. In my period as a Minister at the Council of Ministers I have seen France, Italy, Greece, Ireland and Denmark—almost every country in the Community—protected by the Luxembourg accord, whereby one cannot impose upon any member State something that is against its national interests. I believe that it would be dangerous for the Community to depart from that position.

I am not prepared to speculate on how the Government might react if it were to do so. I believe that after reflection and thought the Community should not and would not embark on that course.

**Mr. David Myles** (Banff): Following the answer that my right hon. Friend gave to my hon. Friend the Member for Thirsk and Malton (Mr. Spence), does he realise that farmers both in this country and the Community find it intolerable that they, who have not held up negotiations in any way, should be denied retrospective payment, while trade unionists, possibly by obstructive attitudes, can obtain retrospective payments?

**Mr. Walker:** I believe that the difficulty both of administration and of backdating throughout the Community is understood. There have been many occasions when farm prices have been fixed after the end of the previous marketing year. It is possible for Ministers to consider the fact that prices will be available for only nine or 10 months as opposed to 12 months. Backdating of payments would be impracticable and I do not believe it could be done.