



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

From the Minister's Private Office

Prime Minister.

A J Coles Esq  
Private Secretary  
10 Downing Street  
London SW1

A.J.C. 19/10

19 October 1983

Dear John

The Prime Minister will no doubt already have heard that an agreement was reached on the Mediterranean Acquis at this week's Agricultural Council. My Minister would doubtless have wished to write personally on this subject, but as you know, there is a Fisheries Council in Luxembourg today.

The agreement provides for a package of reforms to the CAP regime on fresh fruit and vegetables to be introduced as soon as the Community has presented declarations to the applicant countries covering the transitional arrangements for fruit and vegetables. There is also a Council declaration that the accession negotiations on agriculture are unblocked. The provision of the agreement on the timing of the reforms will put France under some pressure to make progress with the preparation of the Community's negotiating position on agriculture, so that their producers can get the benefit of the changes to the regime.

The Prime Minister's brief on Enlargement already refers to the need to make progress with the agriculture chapter of the negotiations. This obviously still stands, but it will now be appropriate for her to express to M. Mitterand her pleasure that agreement has at last been reached on the Mediterranean Acquis, and her hope that agreement can be reached quickly on the terms of the declarations to be put to Spain and Portugal. She could point out that the UK has been pressing for some time for work on the drafting of such declarations to begin.

The Minister wishes the Prime Minister to know of an important issue between us and the French - namely the extension of our less favoured areas which the French Minister (with the Germans) blocked at this week's Council. The Minister proposes to raise this issue with the bilateral with M. Rocard. I am attaching a brief on the point for the Prime Minister.

I am copying this letter to the private secretaries to the Chancellor of the Exchequer and the Secretaries of State for Foreign Affairs, Trade and Industry, Scotland, Northern Ireland and Wales, and to Sir Robert Armstrong's private secretary.

Yours ever

David Dawson

David Dawson  
Assistant Private Secretary

RESTRICTED

ANGLO-FRENCH SUMMIT: 20-21 OCTOBER 1983

AGRICULTURE - EXTENSION OF LESS FAVOURED  
AREAS OF THE UNITED KINGDOM

POINTS TO MAKE

1. Concerned that the French Minister in the Agriculture Council is blocking a proposal for extending the less favoured areas in the United Kingdom.
2. Commission have confirmed that proposal meets all the requirements of present Community legislation, involves no new policy and has only a small effect on FEOGA.
3. Important to the United Kingdom to secure less favoured area designation for the hard-pressed marginal areas. Will simply bring the United Kingdom into line with the situation in France. Removes a disadvantage which our marginal areas now suffer.
4. Hope French Government will reconsider attitude before November Agriculture Council.

BACKGROUND

5. When the Less Favoured Areas Directive came into force in 1975, the United Kingdom designated as "less favoured" those hill areas in which we were already paying hill livestock subsidies. It has long been recognised that there is a substantial area of land outside the present LFAs suffering a sufficient degree of natural handicap to merit designation as "less favoured" under the EC Directive. The farming industry harbours a deep sense of grievance at the stringent criteria adopted in the United Kingdom, compared with other Member States, and there is a widespread feeling that farmers in these marginal areas are being unjustly treated.

6. A study in 1980 revealed a further 1.2m hectares of marginal land which met the requirements of the LFA Directive. This was confirmed by the Commission. But the proposal to give formal LFA status to these areas first put to the Council of Agriculture Ministers last month, has been blocked for a second time at this week's Agriculture Council. This is largely because of opposition from France and Germany whose Agriculture Ministers are concerned about adverse political reaction to their being seen to support a major extension of LFAs in the United Kingdom. In the Council of Ministers, they have argued that since the LFA Directives expire at the end of 1983, and new policies are being discussed, the United Kingdom application should be set aside and considered in the context of the new policies when agreed. We have pointed out, with Commission support, that the United Kingdom application meets all the requirements of present EC legislation. It raises no new policy principles. The extension of our LFAs is, therefore, our legal entitlement.

7. Questions have also been raised about the cost to FEOGA. The Minister has made it clear that we intend the assistance in the newly designated areas to be at a lower level than in existing LFAs. The FEOGA cost will be very small - probably less than 2m ECU per annum.

8. Farmers on marginal land are hard-pressed and it is, politically, very important to the Government to secure early extension of the present LFAs. The Minister announced at the Party Conference that the Government was committed to helping these marginal areas when formal designation has been secured in the Council.

19 October 1983

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