



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 April 1987

**VENICE ECONOMIC SUMMIT:
MESSAGE FROM PRESIDENT REAGAN**

I enclose a copy of a message to the Prime Minister from President Reagan about discussion of domestic agricultural policies at the Venice Economic Summit. I should be grateful for advice in due course as to whether it would be appropriate for the Prime Minister to send a reply before the Summit or simply deal with the issues which the letter raises in the discussions there.

I am sending copies of this letter to Alex Allan (H.M. Treasury), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Trevor Woolley (Cabinet Office).

(Charles Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

April 24, 1987

CDP
24/4.

Dear Prime Minister:

I have been asked to deliver the attached message to you from President Reagan, which was received at the Embassy this morning.

Sincerely,

Raymond G. H. Seitz
Raymond G. H. Seitz
Charge d'Affairs, a.i.

Enclosure:
As stated.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London SW1.

THE WHITE HOUSE
WASHINGTON

April 20, 1987

Dear Margaret:

Your support and initiative at the Tokyo Summit helped achieve agreement that we must all address the problems created by our domestic agricultural policies.

The costs of these policies are staggering. This past year, the United States spent over \$25 billion in agricultural price supports. Other countries are spending proportionate sums. Consumers around the world are paying too much to artificially maintain agricultural prices. These policies, by diverting scarce resources into agriculture, have reduced the competitiveness of manufacturing and reduced the demand for labor in non-farm sectors.

Our policies have also had a severe effect on less developed countries, many of which are dependent upon agricultural exports for foreign exchange earnings to repay debt and promote growth.

I have recently proposed to the Congress legislative changes that will reduce government payments to U.S. growers of wheat, feedgrains, cotton, rice and sugar. One of these changes will also reduce incentives for farmers to produce commodities in order to receive government payments.

My proposed legislation will be a major step in the direction of a more market-oriented policy. It is my earnest hope that the proposal will set an example for other governments.

The Congress will be considering legislative proposals in a difficult environment, at a time of low commodity prices, reduced U.S. exports, and continuing financial stress for many farmers.

The willingness of Congress to accept my proposals can be increased by a firm commitment from each of the Venice Summit participants, as well as Australia, to engage in truly comprehensive negotiations on agriculture in the Uruguay Round. For its part, the United States has repeatedly pledged that we will place on the table all of our direct and indirect subsidies that affect trade and all market access barriers. I am writing to you and the others to ask that you make an identical commitment.

I look forward to discussing this and other pressing issues with you in Venice.

Sincerely,

Ron

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

US Declassified

SUBJECT CC MASTER
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Prime Minister
A message from the

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Washington, DC
April 20, 1987

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T71C187

Br. Mr.

CDP
24/4.

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/S/

Ron



The seal is a faint, embossed watermark in the center of the page. It features a central shield with a plow and a sheaf of wheat, flanked by two figures holding a banner. Above the shield is a crest with a sunburst. The entire seal is surrounded by a decorative border.