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Miss Dinicola

A.S.C. 29/3

The Rt Hon Michael Jopling MP
Minister of Agriculture, Fisheries and Food
Ministry of Agriculture, Fisheries and Food
Whitehall Place
LONDON

28 March 1984

Dear Michael,

AGRICULTURE COUNCIL: 30/31 MARCH 1984

I am writing to register the agriculture policy points likely to come before the Council at the end of the week which are particularly important for me. At a late stage I saw your proposed negotiating line for Monday's Council in your letter to Geoffrey Howe. Since I shall have publicly to defend in Scotland what may well turn out to be a most unwelcome package it is crucial that we agree in advance on the lines of the UK approach although I accept, of course, that subsequently you may well need to exercise tactical judgement.

I have the following points on the main commodities:-

Milk

I well understand Jim Prior's problems in Northern Ireland on milk, particularly if the Republic of Ireland gets a very good deal. I accept that it is right for the UK reference quantity to be distributed to farmers or dairies on a 1983 base. But any special quota above that for Northern Ireland would give me considerable political difficulty.

Secondly, on milk, it now appears that though farmers selling direct to the market are to be brought within the super levy system, a special reference quantity has yet to be agreed for them. This might help our producer-retailers etc, but they are a comparatively small part of our dairy sector. I wonder how easy we will find it to justify to our industry that, eg France, Italy and Ireland have all got dairy quotas effectively on 1983 deliveries and an additional quota to cover their thousands of small on-farm dairies, which no-one will believe can be policed, whereas the UK has got a bad base year (1981) and the penalty of an effective and nearly all-embracing system of Milk Marketing Boards.

Beef

I am of course greatly reassured that we are fighting so hard for the beef premium scheme. I reluctantly accept the possibility of having to accept clawback on our exports as the price, but I am strongly of the view that we should not also accept confining the premium to male animals, as the Commission seem to want. This would be totally unreasonable and would reduce the degree of market support to an unacceptable extent.

Sheep

I would be unhappy if we had to defer the final transitional step in UK support prices though I accept that this would be less damaging than the very unwelcome changes to the sheep annual premium calculation. Apart from the discrimination against the UK which the Commission's proposed method of calculation would represent, the notion that we should pay the sheep annual premium separately from our hill livestock subsidies is a bureaucratic nonsense. It would require us to employ significant extra numbers of civil servants for no good reason.

Finally, the sheep variable premium season scale is a complex but very important item. The severe drop in support in June/July which the Commission proposes will push marketing of fat lambs to the Autumn and we will have a glut in October, just when our farmers in the less-favoured areas have to sell their lambs before the coming winter. I should like particularly to register this danger to our hill sector which they will not be able to avoid. It seems to me that we need the high and low points on the seasonal scale squeezed slightly and the front end of the trough in support moved back to the end rather than the beginning of July.

I am copying this letter to the Prime Minister, Geoffrey Howe, Nigel Lawson, Jim Prior and Nicholas Edwards and to Sir Robert Armstrong.

Yours ever,
Cunze.

29 MAR 1984

