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DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 1089/82

Jürgen Ruhfus

London, 21st May, 1982

Dear Prime Minister

I have the honour to transmit to you the enclosed letter from the Chancellor of the Federal Republic of Germany, Herr Helmut Schmidt.

A courtesy translation is attached.

I am, dear Prime Minister,
yours sincerely

Jürgen Ruhfus

Her Excellency
The Rt. Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury

London

Courtesy Translation

Message from the Federal Chancellor of the Federal
Republic of Germany
to the Prime Minister and First Lord of the Treasury

Prime Minister, Dear Margaret,

I thank you for your message of 2 May and for explaining the British position on the budget and agricultural problems.

The Ministers of Agriculture have in the meantime found a compromise which is being accepted by nine Member States. I, too, am not happy with this compromise. It contains a series of elements which the Federal Government would rather have avoided. In giving our agreement we have above all taken into account that according to the statement by the EC Commission the decisions on agricultural prices do not lead, in 1983 either, to getting beyond the 1%-limit on VAT and that the rate of increase of agricultural expenditure will remain also in the coming year below the rate of increase of own resources. Both these points were quite essential demands put forward by our two governments throughout the mandate discussion. The compromise on agricultural prices therefore seems to me to point in the right direction.

In the final analysis the Federal Government has nevertheless agreed to the agricultural proposals because it is of the opinion that we in the Community have to rely on mutual concessions. The Community can only retain its ability to act if all member states make every effort to reconcile their interests in a fair manner.

As you know, I have great sympathy with the British problem and I say this not only at home in Germany. I have the impression that now the time has come when Great Britain should no longer

hold up the decision on agricultural prices and should move towards the position of the other member states on the budgetary problems; this position comes, I believe, quite close to your ideas and interests.

I should therefore be very grateful if you could think your attitude over once again in the light of developments which have taken place in the meantime.

Yours sincerely,

sgd. Helmut