



10 DOWNING STREET

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M.F.J.

THE PRIME MINISTER

17 January 1983

Dear Mr Halstead,

Thank you for your letter of 17 December about Common Agricultural Policy prices and in particular those of cereals and sugar.

As you so rightly say, the private sector, and in particular the food industry, is playing a valuable part in keeping down the rate of inflation, and I can understand the resentment at the performance of the public sector. I am also aware of the food manufacturing industry's concern about recent increases in EC agricultural prices and you will recall that Peter Walker argued at last year's price-fixing for lower price increases than any other Member State. Decisions were of course eventually reached on that occasion by the unprecedented procedure of majority voting.

I agree entirely that at the coming price fixing price restraint will be needed for products in structural surplus, including cereals and sugar. It will also be important that the measures introduced in last year's price fixing to limit support in sectors where production exceeds agreed quantities are effectively applied and that clear decisions are taken on their implementation in 1984 and beyond.

Very good wish

Yours sincerely

R. Halstead, Esq.

Margaret Thatcher

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