



From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

*Prime Minister*

27 November 1979 *Ans*  
*27/11*

PRIME MINISTER

*Her Grace the Duchess of Devonshire*

SHEEPMEAT

I saw Mehaignerie, the French Minister of Agriculture, yesterday at his own request. He was evidently looking for some move on our part which would allow the French to get off the hook as regards sheepmeat before the European Council. The immediate French aim appears to be to get agreement to Community action to measures to support their market, at least for a period, linked to a minimum price level to be achieved through public intervention in some form. Meanwhile they want the tariff on imports of fresh sheepmeat, which comes mainly from Eastern Europe, unbound so that the Community can, if necessary, impose prohibitive levies on these imports.

The French are clearly looking for sufficient direct Community involvement in supporting their market to enable them to defend to their own producers the ending of import controls which the European Court has ruled illegal.


I again made clear to Mehaignerie that we could in no circumstances agree to public intervention for sheepmeat, even for a limited period. We must nevertheless expect the French at the Dublin Council to seek some form of commitment to Community support of the sheepmeat market linked to a minimum price. You will remember that at your joint Press conference, Giscard spoke of Community preference in terms of free trade, the support and fixing of a minimum level of price and an intervention mechanism! This would be totally unacceptable to us and I am sure we should reject out of hand any attempt by the French to secure a commitment on these lines at the European Council. Were they to succeed they would then justify a continuation of their present illegal import controls until Community support measures were in place and would use the commitment they had secured from the Council to undermine our position in the continuing negotiations on Community arrangements for sheepmeat with a view to securing the protectionist, intervention type régime they really want.

The risk is that they will seek endorsement of the compromise we have just had from the Commission. This would enable the French to operate intervention, with a subsidy from Community funds, equal to the aid given to private traders for storage. Although the trading risk and much of the cost would thus fall on the French Exchequer, I do not think we ought to accept it, at any rate at this stage: once intervention buying was provided for in the régime in any form, all the usual scandals and all the pressures for more protection could well follow.

The Commission's compromise on premium payments to producers when prices fall below given levels should mean we just about broke even in resource terms on the Community budget cost. But this is not good enough, and under the proposed arrangements premiums could continue on a discriminatory basis indefinitely.

On imports from third countries, the Commission are sticking to voluntary restraint by the suppliers, but with a total ban if the supplier exceeds his agreed quantity. As yet, of course, the New Zealanders are not prepared to agree to a voluntary quota, and the ban would in any case be indefensible.

I hope therefore that you will be able to avoid any commitment on these lines.



PETER WALKER