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OO UKREP BRUSSELS DESKBY 292030Z

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RESTRICTED [FRAME AGRICULTURE]
DESKBY 292030Z
TO IMMEDIATE UKREP BRUSSELS
TELEGRAM NUMBER 464 OF 29 MAY
INFO PARIS

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Paris*

SHEEPMEAT CLAWBACK (TELECON FAULKNER/BLOOMFIELD)

1. FOLLOWING IS TEXT OF PROPOSED MESSAGE FROM LORD CARRINGTON TO THE PRESIDENT OF THE COMMISSION.
BEGINS: I AM WRITING TO YOU PERSONALLY TO UNDERLINE MY GREAT CONCERN ABOUT THE OUTCOME OF THE COMMISSION'S DISCUSSION OF 27 MAY ON SHEEPMEAT CLAWBACK.
2. AS I UNDERSTAND IT, AT THE PRICE FIXING IN MARCH, THE COUNCIL TOOK NOTE OF A COMMISSION UNDERTAKING THAT THEY WOULD TAKE ACTION TO PROVIDE FOR CLAWBACK ON LAMB EXPORTS TO OTHER MEMBER STATES TO BE CALCULATED SO AS TO TAKE ACCOUNT OF THE HIGHER COSTS OF THE PRODUCT OF EXPORT QUALITY. IN OUR VIEW, THIS WAS AN INTEGRAL PART OF THE PRICE FIXING SETTLEMENT REACHED BY THE COUNCIL AND OUR AGREEMENT WAS GIVEN TO THE OVERALL SETTLEMENT ON THIS BASIS.
3. WHEN THE COMMISSION DISCUSSED THE IMPLEMENTATION OF THIS UNDERTAKING, I UNDERSTAND THAT LEGAL DOUBTS AROSE ABOUT WHETHER THE COMMISSION HAD THE POWER TO MAKE THE NECESSARY PROPOSAL FOR ABATEMENT OF THE CLAWBACK. I FIND THIS VERY SURPRISING. NO SUCH DOUBTS WERE EXPRESSED AT THE TIME OF THE PRICE FIXING. AND I MUST ASSUME THAT THE COMMISSION HAD FULLY CONSIDERED THE LEGAL IMPLICATIONS BEFORE GIVING THEIR UNDERTAKING. IN OUR VIEW, THE COMMISSION CERTAINLY APPEAR TO HAVE SUCH POWER. INDEED, THERE IS SPECIFIC PROVISION IN THE BASIC REGULATION FOR THEM TO TAKE ACTION TO AVOID DISTURBANCES IN TRADE.
4. THIS IS FOR THE UK A SERIOUS PROBLEM WHICH IS CAUSING SEVERE DAMAGE TO CERTAIN OF OUR COMMERCIAL INTERESTS. I AM ALSO CONCERNED ABOUT THE EFFECT ON ATTITUDES IN THIS COUNTRY TOWARDS THE

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COMMUNITY OF A FAILURE TO RESOLVE THIS PROBLEM.

5. I WOULD URGE YOU TO RECOGNISE THE PRESSING NEED TO FIND AND IMPLEMENT A SOLUTION AND I HOPE YOU WILL BE READY TO ARRANGE FOR THE COMMISSION TO GIVE FURTHER CONSIDERATION TO THIS MATTER AT THEIR NEXT MEETING. AS I SAY, WE HAVE NO REASON TO BELIEVE THAT THE COMMISSION LACK THE NECESSARY POWERS TO MAKE A PROPOSAL FOR THE ABATEMENT OF CLAWBACK. HOWEVER THIS IS ACHIEVED, WE MUST ASK FOR AN IMMEDIATE AND SATISFACTORY SOLUTION WHICH WILL ENABLE THE TRADE TO TAKE PLACE.

6. PETER WALKER WILL BE DISCUSSING THIS WITH POUL DALSAGER IN ROTTERDAM ON 1 AND 2 JUNE. THIS WILL PROVIDE AN OPPORTUNITY FOR DISCUSSION WITH MADAME CRESSON AND OTHER MINISTERS. I HOPE THAT THESE EXCHANGES WILL HELP TO CLEAR THE WAY FOR AN EFFECTIVE COMMISSION ACTION. ENDS.

7. THE SECRETARY OF STATE HAS STILL TO APPROVE THE TEXT AND YOU SHOULD AWAIT FURTHER INSTRUCTIONS VIA THE RESIDENT CLERK BEFORE DELIVERY. PLEASE DELIVER THE MESSAGE AS SOON AS POSSIBLE THEREAFTER DURING THE WEEKEND. A COPY SHOULD BE GIVEN AT THE SAME TIME TO DALSAGER.

CARRINGTON

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