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FRAME AGRICULTURE

DESKBY 190730Z

FROM UKREP BRUSSELS 181654Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1992 OF 18 MAY 1982

INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
ATHENS

AGRICULTURE COUNCIL : 18 MAY 1982

SUMMARY

1. COUNCIL ENDED TEA-TIME WITH ALL THE PRICE-FIXING
REGULATIONS VOTED THROUGH AND SCENES OF BITTER
RECRIMINATION. THE WHOLE DAY HAD BEEN BRUISING. UNTIL
NOON UK FACED INTENSE AND CONCERTED PRESSURE TO ACCEPT
THE INEVITABILITY OF VOTING. MR WALKER HAVING TO

RECRIMINATION. THE WHOLE DAY HAD BEEN BROTISING. UNTIL NOON UK FACED INTENSE AND CONCERTED PRESSURE TO ACCEPT THE INEVITABILITY OF VOTING. MR WALKER HAVING TO INTERVENE ABOUT EACH MINUTE TO DEFEND OUR POSITION AND TO TRY TO PENETRATE THE COLLECTIVE DEAFNESS OF SEVEN COLLEAGUES AND GET THEM TO CONSIDER THE DESPERATE CONSEQUENCES OF THEIR INTENDED COURSE OF ACTION. A TURNING POINT CAME AROUND NOON, WHEN THE CHAIR ANNOUNCED THAT OUR REQUEST FOR AN EMERGENCY MEETING OF FOREIGN MINISTERS HAD BEEN REJECTED, ALLEGEDLY UNANIMOUSLY, IN THE MARGINS OF THE NATO COUNCIL. VOTING THEN BEGAN ON EACH OF THE 62 REGULATIONS, THE UK SEEKING CHANGES IN SOME AND GAINING A LITTLE HEADWAY. AS THE CHAIRMAN THROUGH THE LUNCH HOUR GABBLED THROUGH THE REQUIRED FORMULAE ON EACH, AND GAINED THE SAME PATTERN OF VOTING ON EACH (ALL 12 IN FAVOUR, UK, GREECE AND DENMARK REFUSING TO PARTICIPATE), MORE COMMISSIONERS CROWDED IN TO SAVOUR THE DELIGHTS OF SEEING THE TREATY OPERATE. OF THEM, AND MANY OF THE 7, ONE COULD SAY WITH TOM ELIOT THAT THEY HAD THE EXPERIENCE BUT SOMEHOW MISSED THE MEANING OF THE EXPERIENCE. FRANCE WERE QUIETLY CONFIDENT THAT THEY COULD JUSTIFY THE PROCEDURE AS CONSISTENT WITH AMINTENANCE OF THE LUXEMBOURG COMPROMISE, BUT DID NOT EXPOSE THEIR RATIONALE TO THE COUNCIL UNTIL ALL WAS OVER. GERMANY BLUSTERED AND HEAPED ABUSE ON THE UK: THEY DID NOT DEIGN TO JUSTIFY THEMSELVES, AND BRUSKED ASIDE UK ATTEMPTS TO DRAW THE CONSEQUENCES FOR THE COMMUNITY'S INSTITUTIONS AS A PROCEDURAL GIMMICK. THORN, IN A FINAL SELF-JUSTIFICATION, GAVE AN EXTRAORDINARILY DISTORTED VERSION OF THE MANDATE NEGOTIATIONS.

2. AND SO COUNCIL DISPERSED, ENJOYING THE SWEET AND SOUR SAVOUR OF SELF-CONGRATULATION ON THE DAY'S WORK AND APPREHENSION AS TO THE FUTURE, BUT WITH THE SWEET PREDOMINATING.

3. IN VIEW OF THE POSSIBLE IMPORTANCE TO EC POSTS OF THE DETAIL OF POSITIONS TAKEN BY EACH MEMBER, I REPORT EXTENSIVELY IN FOLLOWING TELEGRAMS ON THE FORENOON AND AFTERNOON SESSION. I APPEND TO THE TELEGRAMS REPORTS, MORE OR LESS VERBATIM, OF MR WALKER'S TWO MAJOR STATENENTS. SOME SIGNIFICANT COMMODITY POINTS, AND BITS AND PIECES, WILL BE REPORTED TOMORROW (NOT TO ALL)

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DESKBY 190730Z

FM UKREP BRUSSELS 181655Z MAY 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 1993 OF 18 MAY 1982

INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
ATHENS

COUNCIL MINISTERS (AGRICULTURE): 17-18 MAY 1982

M I P T MORNING 18 MAY

1. AFTER A NUMBER OF BILATERALS, THE COUNCIL STARTED AT 1000 HOURS,
IN RESTRICTED SESSION.

2. MR WALKER SPOKE STRAIGHT AWAY. HE SAID WE WANTED AN OPPORTUNITY TO GIVE OUR DETAILED VIEWS ON THE DRAFT REGULATIONS IMPLEMENTING THE PRICE PACKAGE. SINCE THE CHAIRMAN SEEMED TO WANT TO VOTE, MR WALKER SPELT OUT TO HIM WHAT YOU HAD SAID IN LUXEMBOURG YESTERDAY EVENING. THAT IS TO SAY, THAT YOU WANTED A PROPOSAL ON THE BASIS OF THE ARRANGEMENTS AGREED ON 30 MAY 1980. THIS WOULD EITHER BE THE PRESENT PROPOSAL AMENDED OR A NEW PROPOSAL. THE UK WAS READY TO PLAY ITS PART, AND TO DISCUSS THIS IN THE COUNCIL AT THE EARLIEST POSSIBLE DATE. IT WOULD BE SENSIBLE TO HAVE THE USUAL PREPARATION, PROBABLY IN COREPER. THOUGH YOU WOULD NOT BE AVAILABLE ON TUESDAY, ADVISORS AND, IF NECESSARY, ANOTHER MINISTER WOULD BE AVAILABLE. THERE WAS THEREFORE NO QUESTION OF OUR HAVING TURNED DOWN THE POSSIBILITY OF AGREEMENT ON THE BUDGET. THIS WAS THE EXACT OPPOSITE OF THE TRUTH. FURTHERMORE, SINCE THE COMMISSION WOULD NOT ACT, WE HAD ANNOUNCED THAT WE WOULD PUT FORWARD OUR OWN IDEAS ON THE THIRD YEAR, AND WE WOULD BE DOING THIS IN COREPER TODAY (TUESDAY). IN VIEW OF THE THREAT WHICH HAD BEEN MADE LAST NIGHT, WITH THE ACTIVE ENCOURAGEMENT OF THE COMMISSION, WE HAD DEMANDED, MR WALKER INFORMED THE COUNCIL, A MEETING OF THE FOREIGN AFFAIRS COUNCIL. WE DID SO BECAUSE A PROCEDURE TO WHICH WE AND OTHERS ATTACHED GREAT IMPORTANCE: WHICH HAD BEEN IN BEING WHEN WE JOINED THE COMMUNITY, AND WHICH HAD BEEN AN IMPORTANT ISSUE IN OUR REFERENDUM ON MEMBERSHIP, RISKED BEING CHANGED. THIS WAS FOREIGN AFFAIRS COUNCIL BUSINESS. HOWEVER, NO MENTION OF THE POSSIBILITY OF THAT CHANGE HAD BEEN MADE YESTERDAY IN LUXEMBOURG.

3. NETHERLANDS (DE KONING) SAID MR WALKER'S STATEMENT MISREPRESENTED WHAT HAD HAPPENED IN LUXEMBOURG. THEIR INFORMATION WAS THAT NEGOTIATIONS THERE HAD RUN UP A BLIND ALLEY, AND HAD BEEN ACRIMONIOUS. THERE SEEMED NO LIKELIHOOD OF A BREAKTHROUGH ON THE BUDGET IN THE NEXT FEW HOURS, OR EVEN DAYS. NETHERLANDS HAD NEVER SUPPORTED THE LUXEMBOURG COMPROMISE, BUT DE KONING QUOTED FROM IT IN AN ATTEMPT TO SUPPORT THE GOING THEORY THAT ITS EXISTENCE WAS AT STAKE HERE. THE CHAIRMAN (DE KEERSMAEKER) AGREED WITH DE KONING'S ACCOUNT OF YESTERDAY'S MEETING. THE AGRICULTURE COUNCIL HAD TO TAKE ITS RESPONSIBILITIES. EVERYTHING POSSIBLE HAD BEEN DONE TO REACH A COMPROMISE. THE FOREIGN AFFAIRS COUNCIL WOULD MEET AGAIN NEXT WEEK, THOUGH THE MANDATE BUSINESS WAS NOT ON THE AGENDA. IT WAS NOT THIS AGRICULTURE COUNCIL'S JOB TO DISCUSS THE LUXEMBOURG COMPROMISE. THEY SHOULD GET ON WITH THE PRICES. DE KEERSMAEKER PROPOSED GOING THROUGH THE REGULATIONS ONE BY ONE.

4. GERMANY (ERTL) AGREED THAT THE TIME HAD COME TO TAKE DECISIONS,

4. GERMANY (ERTL) AGREED THAT THE TIME HAD COME TO TAKE DECISIONS, IGNORING FOREIGN AFFAIRS OR FINANCE MINISTERS BUSINESS. THOUGH THE TIMING OF THE PRESENTATION OF DOCUMENTS LEFT SOMETHING TO BE DESIRED, THAT WAS NO EXCUSE FOR DELAY.

5. DENMARK (WESTH) WAS TORN TWO WAYS. THEY WERE VERY KEEN TO HAVE THE PRICES, BUT THE LUXEMBOURG COMPROMISE WAS VERY IMPORTANT TO DENMARK TOO - IT HAD FIGURED IN THEIR ACCESSION REFERENDUM. DENMARK WAS PREPARED TO ACCEPT THE UK CLAIM THAT A VITAL INTEREST WAS AT STAKE.

6. DENMARK, FRANCE (CRESSON), ITALY (BARTOLOMEI) ALL DISPUTED MR WALKER'S ACCOUNT OF YESTERDAY'S MEETING AS DE KONING HAD DONE. MR WALKER RESTATED THE POSITION. FIRSTLY, YESTERDAY'S MEETING HAD BEEN INFORMAL: IT WAS NOT A COUNCIL. SECONDLY, THE COMMISSION'S THIRD YEAR QUOTE PROPOSAL UNQUOTE HAD NEVER BEEN CLEARED WITH THE WHOLE OF THE COMMISSION. THIRDLY, WE HAD ONLY RECEIVED IT ON SUNDAY EVENING. FOURTHLY, MR WALKER REPEATED THAT WE HAD BEEN READY TO NEGOTIATE. FOR SOME TWO YEARS THE UK HAD WORKED FOR PROGRESS TOWARDS A LONG-TERM AGREEMENT ON ALL ASPECTS OF THE MANDATE. NOW WE HAD TAKEN THE CONSIDERABLE STEP OF ACCEPTING, IN PRINCIPLE, A ONE YEAR AGREEMENT. DESPITE OUR FLEXIBILITY AND OUR READINESS TO MEET AGAIN IN THE FOREIGN AFFAIRS COUNCIL URGENTLY, NO NEGOTIATION HAD TAKEN PLACE.

7. MR WALKER DEMANDED A TOUR DE TABLE TO ELICIT PRECISELY WHICH COUNTRIES WERE READY TO VOTE AND THEREFORE TO ABANDON THE LUXEMBOURG COMPROMISE. THE FRENCH ARGUMENT THAT THE COMPROMISE DID NOT APPLY HERE WAS SPURIOUS: WE HAD SUBSTANTIAL AGRICULTURAL RESERVES. IRELAND WAS IN NO DOUBT OF THE IMPORTANCE OF THEM, AND THE COMMISSION WAS ACTIVELY ENGAGED IN WORKING OUT COMPROMISE PROPOSALS TO MEET US. THERE COULD BE NO QUESTION OF THE LUXEMBOURG COMPROMISE APPLYING SELECTIVELY. MR WALKER ALSO REITERATED HIS DEMAND FOR AN URGENT MEETING OF THE FOREIGN AFFAIRS COUNCIL.

8. DAIGNON, WHO DID ALL THE SPEAKING FOR THE COMMISSION DESPITE THE PRESENCE OF DALSAGER AND (LATER) THORN, SOUGHT TO JUSTIFY THE COMMISSION'S RECORD. THE PROPOSAL FOR A ONE YEAR SOLUTION HAD BEEN MADE NOT LAST WEEKEND BUT THE PREVIOUS WEEKEND. AGREEMENT TO CONSIDER IT CAME FROM YOU ON FRIDAY. IT COULD BE REPRESENTED AS CONCESSION BY THE UK, BUT IT WAS A WORTHLESS ONE IF IT DID NOT PROVIDE THE BASIS FOR AGREEMENT. ON THE SUNDAY THE COMMISSION HAD MADE A FORMAL PROPOSAL. AS VARIOUS DELEGATIONS HAD WANTED TO CONSIDER IT, DISCUSSION WAS HELD OVER UNTIL LAST EVENING. THE THREE

SIDER IT, DISCUSSION WAS HELD OVER UNTIL LAST EVENING. THE THREE BASIC BRITISH OBJECTIONS TO IT WERE GENERALLY CONSIDERED SO FUNDAMENTAL THAT AN EARLY SOLUTION WAS RULED OUT. ON THE AGRICULTURE COUNCIL PROCEEDINGS, HE DENIED THAT THE COMMISSION HAD TAKEN ANY INITIATIVE ON INSTITUTIONAL MATTERS. THEY HAD DONE NO MORE AT LAST WEEK'S COUNCIL AND THIS ONE THAN TO POINT OUT TO THE COUNCIL WHAT THE CHOICES WERE IN FORWARDING THE PRICE FIXING NEGOTIATION IN A NUMBER OF DIFFERENT CIRCUMSTANCES. HE REJECTED THE IDEA THAT THE COMMISSION COULD MAKE A PROPOSAL THAT WOULD DAMAGE THE VITAL INTERESTS IN ANY MEMBER STATE.

9. GERMANY SAID THEY WOULD REFUSE TO VOTE ON THE USE OF THE LUXEMBOURG COMPROMISE, WHICH WAS NOT A FIRM PROPOSAL AND HAD ONLY THE STATUS OF AN ENTRY IN THE MINUTES. THEY REPRESENTED THAT THE CONCLUSIONS OF 30 MAY, PARAGRAPHS 7 AND 9, COMMITTED THE COUNCIL TO WORK EFFECTIVELY ON DAY TO DAY DECISIONS AND AVOID THE PARALYSIS OF THE COMMUNITY. THEY REITERATED THEIR CALL FOR VOTING TO BEGIN.

10. GREECE SAID THAT THEIR FOREIGN MINISTER HAD AGREED IN LUXEMBOURG ONLY THAT THE COUNCIL SHOULD CONTINUE TO NEGOTIATE ON PRICES DESPITE THE WAY THE UNITED KINGDOM WAS HOLDING UP PROGRESS ON THE BUDGET DISCUSSIONS. THEY HAD AGREED NO PARTICULAR PROCEDURE, AND CERTAINLY NOT ON VOTING. VERY EXPLICIT INSTRUCTIONS HAD BEEN CONFIRMED THIS MORNING, TO THE EFFECT THAT THE PRINCIPLE THAT MAJOR ISSUES IN THE COMMUNITY SHOULD BE DECIDED BY UNANIMITY WAS TO BE MAINTAINED. DENMARK INTERVENED TO MAKE IT CLEAR THAT THEY WOULD AGREE TO THE EXTENSION OF THE MARKETING YEARS SO AS TO AVOID THE POSSIBILITY OF A LEGAL VACUUM.

11. MR WALKER TOOK UP DAVIGNON'S STATEMENT, WHICH HE READ AS CONFIRMING THAT THE COMMISSION AS A WHOLE HAD NEVER MET TO CONSIDER THE BUDGET PROPOSAL, THAT IT WAS DISCUSSED VERY SOON AFTER BEING TABLED AND THAT YOU HAD INDICATED EVERY READINESS TO NEGOTIATE. HE SAID IT WAS INCONCEIVABLE AND ILLOGICAL THAT THE MANDATE ISSUE HAD BEEN DELETED FROM THE FOREIGN AFFAIRS COUNCIL AGENDA AS THE CHAIR HAD CLAIMED. HE FOUND IT REMARKABLE THAT, AFTER 12 YEARS EXPERIENCE WORKING WITHIN THE LUXEMBOURG COMPROMISE CONVENTIONS SHOULD NOW PROPOSE TO ABANDON THEM, PARTICULARLY AS NO SUCH QUESTION HAD BEEN RAISED IN PAST YEARS WHEN THE PRICE FIXING HAD BEEN EVEN LONGER DELAYED. IT WAS WRONG FOR THE CHAIR TO COUNTENANCE ABANDONMENT OF THE CONVENTIONS AT AN AGRICULTURE COUNCIL WHEN OUR FORMAL REQUEST FOR A FOREIGN AFFAIRS COUNCIL MEETING HAD BEEN MADE BUT NOT ANSWERED.

12. THE CHAIR DENIED THAT THE LUXEMBOURG COMPROMISE WAS AT STAKE,

2. THE CHAIR DENIED THAT THE LUXEMBOURG COMPROMISE WAS AT STAKE, AND ARGUED THAT THE PROCEDURE HE WAS NOW INSTITUTING HAD BEEN FORESEEN AND AGREED AT LAST WEEK'S AGRICULTURE COUNCIL. MR WALKER POINTED OUT THAT THE ONLY AGREEMENT ON FUTURE PROCEDURE LAST WEEK, AFTER THE LUDICROUS A POINT PROPOSAL HAD FAILED, WAS THAT THE COMMISSION COULD PREPARE THE TEXT OF REGULATIONS IF THEY WISHED. HE POINTED OUT THAT THE THREE MEMBERS WHO ACKNOWLEDGED THE LUXEMBOURG COMPROMISE WAS AT STAKE AND INSISTED UPON THE MAINTENANCE OF IT, HAD ALL JOINED AFTER THE ORIGINAL SIX - WHO HAD AGREED THE COMPROMISE AND NOW SEEMED READY TO ABANDON IT. THAT THOSE HAD NO RIGHT TO CHANGE RULES THEY HAD INVENTED THEMSELVES AND WHICH HAD BEEN AN IMPORTANT PART OF THE CONDITIONS OF ACCESSION FOR NEW MEMBERS, AND HAD LASTED 16 YEARS.

13. IRELAND CLAIMED THAT THE LUXEMBOURG COMPROMISE HAD NOT BEEN INTENDED TO UNDERLINE TREATY OBLIGATIONS, WHICH INCLUDED AN OBLIGATION TO FIX FARM PRICES ANNUALLY. MR WALKER LATER CHALLENGED THIS VIEW THAT THERE WAS A TREATY OBLIGATION TO FIX PRICES BY PARTICULAR DATE. COUNCIL LEGAL SERVICES, AFTER AN INITIAL EVASIVE REPLY, SAID THAT THE STATEMENT COULD ONLY BE SUSTAINED ON THE BASIS THAT THE TREATY HAD TO BE READ TOGETHER WITH SUBSIDIARY LEGISLATION MADE UNDER IT.

14. FRANCE AND GERMANY, TAKING THE LEAD FROM THE CHAIR, PRESSED WITH INCREASING PERSISTENCE FOR THE PROCEDURAL DEBATE TO BE ABANDONED AND VOTING TO BEGIN. DENMARK, IN A SERIES OF SHORT AND VERY CLEAR INTERVENTIONS, GAVE THEIR VIEW THAT IT WAS NOT FOR THE CHAIR TO DECIDE IF THE LUXEMBOURG COMPROMISE WERE AT ISSUE, BUT RATHER FOR EACH GOVERNMENT ON ITS OWN BEHALF. IF, AS WAS THE CASE HERE, ONE GOVERNMENT INVOKED THE LUXEMBOURG COMPROMISE AND CLAIMED IN SO DOING THAT A VITAL INTEREST WAS AT STAKE, THEN DENMARK WOULD SUPPORT THEM AND WOULD NOT PARTICIPATE IN ANY VOTE - NO MATTER WHAT THE CONSEQUENCES AND NO MATTER WHAT THEIR VIEW WAS OF THE REAL IMPORTANCE OF THE INTEREST. THE LUXEMBOURG COMPROMISE, WESTH SAID, WAS ALWAYS ON THE AGENDA. IT WAS AN OVERRIDING POLITICAL AGREEMENT. THE CHAIR CONTINUED TO REFUSE A TOUR DE TABLE, AND WHEN MR WALKER ATTEMPTED TO SMOKE OUT FRANCE BY ASKING THE DIRECT QUESTION QUOTE IS FRANCE DROPPING THE PRINCIPLE OF THE LUXEMBOURG COMPROMISE? UNQUOTE MME CRESSON SAID THAT SHE WOULD REPLY ONLY TO QUESTIONS POSED BY THE CHAIR. AT NO STAGE, IN FACT, WOULD SHE ANSWER THIS QUESTION OR ELABORATE IN ANY WAY UPON HER REASONS FOR INSISTING UPON VOTING. WHEN THE CHAIR EVENTUALLY AGREED TO A TABLE ROUND, THERE WAS A REPETITION OF POSITIONS BY BELGIUM, DENMARK,

ROUND, THERE WAS A REPETITION OF POSITIONS BY BELGIUM, DENMARK, GREECE AND IRELAND. ITALY, LUXEMBOURG AND THE NETHERLANDS SUPPORTED THE VIEW THAT THE LUXEMBOURG COMPROMISE SHOULD NOT INHIBIT VOTING ON THIS OCCASION. GERMANY REFUSED TO ANSWER THE QUESTION, SAYING THEY HAD INSTRUCTIONS TO CARRY THE PRICE FIXING TO A CONCLUSION. THE QUESTION WAS A TRAP AND JUST A PROCEDURAL GIMMICK WHICH GERMANY BRUSHED ASIDE. FRANCE WAS EQUALLY EVASIVE, SAYING SIMPLY THAT COUNCIL SHOULD PROCEED WITH THE PRICE FIXING AS IN DUTY BOUND.

15. AT THIS STAGE THERE WAS SOME BITTER EXCHANGES BETWEEN THE UK, THE CHAIR, AND GERMANY IN PARTICULAR. ON THE REQUEST FOR A FOREIGN AFFAIRS COUNCIL MEETING, THE CHAIR WOULD SAY NO MORE THAN THAT THE REQUEST WOULD BE PASSED. DESPITE HEAVY EMPHASIS PLACED BY MR WALKER ON THE IMPORTANCE OF A FORMAL REQUEST OF THIS SORT BY A GOVERNMENT ON THE BIGGEST ISSUE FACING THE COMMUNITY SINCE 1966, THE CHAIR MOVED TO VOTING ON THE FIRST REGULATIONS. HE CONCEDED THAT THE UK COULD COMMENT ON EACH REGULATION AS IT WENT BY, NOT HAVING HAD THE OPPORTUNITY TO MAKE THEIR VIEWS KNOWN AT THE SPECIAL COMMITTEE YESTERDAY.

16. IN THE COURSE OF THE FIRST TABLE ROUND, GREECE GAVE A LONG AND VERY CLEAR ACCOUNT OF THE POSITION ON THE LUXEMBOURG COMPROMISE. THE STATEMENT WAS FULL OF REGRETS AT THE PARALYSIS OF THE COMMUNITY AND THE DELAY IN THE PRICE FIXING CAUSED BY THE UK, BUT ALSO OF AFFIRMATION OF GREECE'S ADHERENCE TO THE PRINCIPLE OF UNIMINITY. TO VOTE WOULD CHANGE THE RULES AND THE SPIRIT OF COMMUNITY PROCEDURES. IN NO WAY, AND UNDER NO CIRCUMSTANCES, WOULD GREECE DEVIATE FROM THE PRINCIPLE OF UNIMINITY OR THE DEPENDENT PRINCIPLE THAT IT WAS FOR THE INDIVIDUAL MEMBER STATE TO DECIDE WHAT CONSTITUTED A VITAL INTEREST, AND FOR THE OTHER MEMBER STATES TO RESPECT THAT JUDGEMENT. ALL OTHER DELEGATIONS SIMPLY AGREED THE REGULATION, EXCEPT DENMARK WHO REFUSED TO PARTICIPATE. AT THE END OF THE TABLE ROUND, MR WALKER MADE THE STATEMENT IN MY IMMEDIATELY FOLLOWING TELEGRAM, WHICH HE ASKED SHOULD BE INCLUDED IN FULL IN THE COUNCIL RECCRD.

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CAB - ARMSTRONG

NO 10- COLES

MAFF - PS/MIN, PS/MIN OF S(C), PS/HAYES, HADDON, GURD, REDFERN
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DESKBY 190730Z

FROM UKREP BRUSSELS 181656Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1994 OF 18 MAY 1982

INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
ATHENS

COUNCIL OF MINISTERS (AGRICULTURE) 17/18 MAY

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MR WALKER'S STATEMENT AT NOON ON 18 MAY.

1. MR WALKER SAID THAT AS THE CHAIR HAD REFUSED TO ADJOURN THE MEETING UNTIL THE UNITED KINGDOM GOVERNMENT REQUEST FOR CONSIDERATION BY AN EMERGENCY FOREIGN AFFAIRS COUNCIL HAD BEEN ANSWERED, HE MUST POINT OUT THE CONSEQUENCES OF THE PROCEDURES THE CHAIR NOW PROPOSED TO USE WITH THE SUPPORT OF THE COMMISSION. EFFECTIVELY THE COMPROMISE PACKAGE OF AGRICULTURE PRICE PROPOSALS WOULD BE BROKEN DOWN INTO 69 COMPONENT PARTS. IN THESE CIRCUMSTANCES EACH INDIVIDUAL REGULATION OUGHT TO BE EXAMINED NOT JUST FOR CORRECTNESS AND LANGUAGE, BUT AS IF EACH OF THEM STOOD ALONE WITHOUT ANY RELATIONSHIP WITH OTHERS. HE REGRETTED THIS ABSURD WAY OF PROCEEDING, WHICH BROKE THE PATTERN WHICH THE COUNCIL HAD USED FOR THE PAST 16 YEARS.

2. HE HAD ALREADY MADE IT CLEAR THAT HE COULD NOT PARTICIPATE IN ANY VOTE, AND THAT VERY IMPORTANT NATIONAL INTERESTS WERE AT STAKE TO THE UNITED KINGDOM. THE COMMISSION THEMSELVES HAD IMPLIED ACCEPTANCE OF THE IMPORTANCE OF THE UNITED KINGDOM INTERESTS BY PROPOSING BILATERALLY COMPROMISES TO MEET SOME OF THE UNITED KINGDOM RESERVES. FOR THE CHAIR AND THE COMMISSION TO ACT IN THE WAY PROPOSED, HAVING AS THEY DID THE KNOWLEDGE THAT THE LUXEMBOURG COMPROMISE HAD BEEN INVOKED, AND THAT THE INTERESTS INVOLVED WERE INDEED VERY IMPORTANT, THEY WOULD BE GUILTY OF VIOLATING AN AGREEMENT OF THE UTMOST IMPORTANCE. NOT ONLY WOULD THE INTERESTS OF THREE OF THE FOUR NEWER MEMBER STATES, AND THEIR VERY PROPER PROCEDURAL OBJECTIONS, BE BRUSHED ASIDE, BUT ALSO AN UNDERSTANDING ON PROCEDURE WHICH FORMED A VITAL PART OF THE CONDITIONS UPON WHICH THEY JOINED, AND REPRESENTED TO THEIR ELECTORATES AS IMPORTANT SAFEGUARDS, WOULD HAVE BEEN VIOLATED.

3. MR WALKER SAID THAT HE HAD REPEATEDLY MADE IT CLEAR THAT DISCUSSION SHOULD CONTINUE UNTIL AGREEMENT WAS REACHED. IT WAS STILL NOT LATE IN THE YEAR TO REACH AGREEMENT, TAKING ACCOUNT OF THE PRECEDENTS OF PREVIOUS YEARS. NO ATTEMPT HAD YET BEEN MADE BY THE COUNCIL TO MEET THE RESERVES THAT HE REPEATEDLY EXPLAINED, MOST RECENTLY IN A LETTER SENT TO THE COMMISSION AND DISTRIBUTED YESTERDAY TO THE COUNCIL. INDEED, THERE HAD NOT EVEN BEEN ANY DISCUSSION EXCEPT BILATERALLY WITH THE COMMISSION.

BILATERALLY WITH THE COMMISSION.

4. MR WALKER THEN SPOKE IN THE TERMS OF PARAS 2.3 TO 2.7 OF UKREP TELEGRAM NUMBER 1979.

5. MR WALKER ASKED THE CHAIR TO ABANDON THE PROCEDURE OF VOTING, WHICH WOULD HAVE SUCH SEVERE CONSEQUENCES FOR THE INSTITUTIONS OF THE COMMUNITY AND POLITICALLY FOR MANY MEMBER STATES. THERE WAS IN HIS VIEW, HE REPEATED, THE OPPORTUNITY TO SOLVE THE PROBLEMS ON BOTH THE BUDGET ISSUE AND THE AGRICULTURAL PRICE FIXING WITHIN A FEW DAYS WITHOUT STEPPING OUTSIDE THE EXISTING CONVENTIONS.

6. MR WALKER ASKED THAT HIS STATEMENT SHOULD BE RECORDED IN FULL IN THE MINUTES OF THE COUNCIL.

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MR J RHODES
SIR R ARMSTRONG

~~DOT~~
WOAD (1)
MR BEVAN.

PLUS OGDS
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MR CRAMOND
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MR JACK

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PS/MIN. OF S (c)

CONFIDENTIAL

FRAME AGRICULTURE

DESKBY 190730Z

FROM UKREP BRUSSELS 181657Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1995 OF 18 MAY 1982

INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
ATHENS

COUNCIL OF MINISTERS (AGRICULTURE) :17/18 MAY

FINAL SESSION

IMMEDIATE

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FINAL SESSION

1. WHEN ALL THE DECISIONS HAD BEEN VOTED ON (FRANCE) MME CRESSON MADE A FORMAL STATEMENT (MY FIRST IFT) ON BEHALF OF THE FRENCH GOVERNMENT, WHICH SHE ASKED TO HAVE RECORDED IN THE MINUTES. SHE SAID THAT THE DECISIONS THAT THE COUNCIL HAD JUST TAKEN WERE ANNUAL ONES, IMPOSED ON THE COMMUNITY BY THE TREATY. THEIR PURPOSE WAS TO ENSURE THE CORRECT MANAGEMENT OF AGRICULTURAL MARKETS. THE PURPOSE OF THE LUXEMBOURG COMPROMISE WAS TO ENSURE THAT NOTHING WAS IMPOSED ON ANY ONE MEMBER STATE IF ITS VITAL INTERESTS WERE AT STAKE. THAT HAD NEVER BEEN CONTESTED. BUT IT HAD NEVER BEEN INTENDED THAT IT SHOULD ALLOW ONE MEMBER STATE TO PARALYSE THE NORMAL FUNCTIONING OF THE COMMUNITY AND FUNDAMENTALLY CHANGE ITS RULES. ITALY MADE A SIMILAR STATEMENT BUT AT GREATER LENGTH.

2. DENMARK (WESTH) THEN SAID THAT THEY NOTED WITH SATISFACTION THAT FRANCE AND ITALY BOTH ATTACHED VALUE TO THE LUXEMBOURG COMPROMISE, BUT CONSIDERED THAT WHERE QUESTION OF NATIONAL INTEREST WERE INVOLVED, ONLY THE COUNTRY CONCERNED COULD DECIDE WHERE ITS NATIONAL INTEREST LAY.

3. MR WALKER THEN MADE A FULL STATEMENT OF THE UNITED KINGDOM'S REACTION TO THE EVENTS OF THIS COUNCIL. (FULL TEXT IN MY SECOND MIFT). MR WALKER LEFT THE COUNCIL IN NO DOUBT THAT WE WERE NOT PREPARED TO SEE THE IMPLICATIONS OF WHAT HAD BEEN DONE ON THE LUXEMBOURG COMPROMISE EVADED. THAT PROCEDURE WAS NOW GONE, FOR ALL MEMBER STATES, FOR ALL CIRCUMSTANCES. THE MINISTER REJECTED THE ARGUMENTS WHICH THE CHAIR, THE COMMISSION AND SOME OTHER MEMBER STATES HAD PUT FORWARD IN MITIGATION OF WHAT THEY HAD DONE, AND AGAIN CATEGORICALLY REFUTED THE LINE THAT WE HAD NOT NEGOTIATED IN GOOD FAITH. A FUNDAMENTAL CHANGE IN THE FABRIC OF THE COMMUNITY HAD BEEN EFFECTED. THE IMPLICATIONS WERE PROFOUND AND WOULD BE CONSIDERED URGENTLY IN LONDON.

4. THE CHAIRMAN (DE KEERSMAEKER) JUSTIFIED WHAT HE HAD DONE. ENOUGH AMBIGUITY EXISTED TO HAVE MADE THE ONLY SAFE THING FOR A CHAIRMAN TO DO TO REST ON THE TREATY. HE THOUGHT THE EUROPEAN COURT WOULD ENDORSE THE LINE HE HAD TAKEN. THE FACT WAS THAT AGREEMENT HAD BEEN REACHED ON PRICES, AND HE HAD HAD NO CHOICE BUT TO ENSURE THE PACKAGE WAS BROUGHT INTO EFFECT. NEVERTHELESS, HE HAD NOT INTENDED TO BE UNHELPFUL TO THE UK.

5. GERMANY (ERTL), IN AN EMOTIONAL AND PERSONAL INTERVENTION REJECTED MR WALKER'S BLUNT WORDS. HE CONSIDERED THE UK STATEMENT A CHALLENGE, AND CYNICAL AND OFFENSIVE. THE COMMUNITY HAD ARRIVED AT SOMETHING OF A CROSSROADS. GERMANY, FOR HER PART, HAD DONE HER UTMOST TO MEET THE UK. ITALY (BARTOLOMEI) REACTED IN THE SAME VEIN. THEY ASSERTED THAT THE "SPIRIT" OF THE LUXEMBOURG COMPROMISE WAS INTACT AND SEVERELY CRITICISED THE UK.

6. MR WALKER STOOD FIRM. THOSE WHO HAD PROMOTED OR CONNIVED AT THE DESTRUCTION OF THE LUXEMBOURG COMPROMISE BORE THE RESPONSIBILITY FOR ALTERING THE GROUND RULES WHICH HAD BEEN AN ESSENTIAL PART OF THE ACCESSION PACKAGE FOR THREE OUT OF THE FOUR NEW MEMBER STATES.

7. THE COMMISSION (THORN, FLANKED BY ORTOLI, NATALI AND DALSAGER) THANKED THE CHAIR FOR THE WAY THEY HAD HANDLED THIS NEGOTIATION. DESPITE THE DIFFICULTIES, THE NEGOTIATION HAD BEEN BROUGHT TO A PROPER CONCLUSION. THE COMMISSION WOULD ALWAYS ENCOURAGE DECISIONS TO BE TAKEN IN A WAY WHICH WAS CONSISTENT WITH THE TREATY. THEIR OBJECTIVE WAS NOT TO ACHIEVE A PARTICULAR OUTCOME IN TERMS OF UNANIMITY OR A MAJORITY DECISION; ALL THEY WANTED WAS TO GET AGRICULTURAL PRICES SETTLED. THE COMMISSION HAD NEVER ASSOCIATED ITSELF WITH PARTICULAR VERSIONS OF AGREEMENT OR DISAGREEMENT. THORN GAVE HIS VERSION OF THE HISTORY OF NEGOTIATIONS ON THE MANDATE. INNUMERABLE EFFORTS HAD BEEN MADE BY THE COMMISSION TO BRING FORTH PROPOSALS WHICH WOULD ENABLE AGREEMENT. IT WAS "A LITTLE FALSE" (LEGEREMENT FAUX) OR AN "UNTRUTH" (CONTRE-VERITE) TO SAY THAT THERE HAD BEEN NO NEGOTIATIONS. THERE HAD BEEN NOTHING ELSE NOW FOR 18 MONTHS. LAST NIGHT, AT THE ELEVENTH HOUR, THEY HAD MADE YET ANOTHER ATTEMPT IN THE FOREIGN MINISTERS MEETING. HOWEVER, THE UK HAD COME FORWARD WITH NO AMENDMENTS OR CONSTRUCTIVE SUGGESTIONS. THEY HAD JUST SAID THAT THE COMMISSIONS LATEST PROPOSAL WAS UNACCEPTABLE. THEN, THIS MORNING, WHEN THE VOTING BEGAN, THE UK HAD SPOKEN OF SOME NEW PROPOSALS, TOO LATE. DESPITE THE LACK OF SUCCESS WHICH HAD ATTENDED ALL THE COMMISSION'S BEST EFFORTS SO FAR, THORN ASSURED MR WALKER THAT THE COMMISSION WOULD TRY AND FIND THE BEST SOLUTIONS TO ALL THE PROBLEMS FACING THE COMMUNITY, INCLUDING THE BUDGETARY QUESTION.

FCO ADVANCE TO:-

FCO - PS/SOFS SPRECKLEY WITNEY

CAB - ARMSTRONG

CAB - ARMSTRONG

NO 10 - COLES

MAFF - PS/MIN PS/MIN OF S (C) HADDON GURD REDFERN BROWN PS /HAYES

DAFS - CRAMOND

DANI - JACK

WOAD (I) - BEVAN

BUTLER

NNNN

THE COMMISSIONER OF THE REVENUE AND CUSTOMS DEPARTMENT
 HAS RECEIVED INFORMATION THAT THE FOLLOWING PERSONS
 WHOSE NAMES ARE LISTED BELOW ARE REGISTERED AS
 PROPRIETORS OF MOTOR VEHICLES IN THE NAME OF
 THE COMPANY MENTIONED IN THE FIRST COLUMN OF THE
 TABLE AND THAT THE SAID VEHICLES ARE REGISTERED
 IN THE NAME OF THE SAID COMPANY AND NOT IN THE
 NAME OF THE SAID PROPRIETORS.

THE NAMES OF THE SAID PROPRIETORS AND THE
 NAMES OF THE SAID COMPANIES ARE LISTED IN THE
 TABLE BELOW.

THE SAID PROPRIETORS ARE REGISTERED AS
 PROPRIETORS OF MOTOR VEHICLES IN THE NAME OF
 THE SAID COMPANIES AND NOT IN THE NAME OF THE
 SAID PROPRIETORS.

THE SAID COMPANIES ARE REGISTERED AS
 PROPRIETORS OF MOTOR VEHICLES IN THE NAME OF
 THE SAID COMPANIES AND NOT IN THE NAME OF THE
 SAID PROPRIETORS.

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MR HANNAY
LORD BRIDGES

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HD/...
HD/.....
HD/.....

PLUS FCO
Mr. Wilkey, ECD (I)

CABINET OFFICE

MR D HANCOCK
MR D M ELLIOTT
MR A M GOODENOUGH
MR S WENTWORTH
MR J RHODES
MR. ARMSTRONG

~~DOT~~

Mr. Casmond, DAFFS
Mr. Jack, DAN
Mr. Bewar, WOAD (I)

PLUS OGDS

Mr. P. Kent,
HM Customs & Excise
Mr. Coles, No 10 Downing St

MR. FITCHEW
H M TREASURY
SIR K COUZENS
MR G E FITCHEW
MISS. J.E. COURT
MR. J.G. LITTLER
MR. EDWARDS

M A F F

SIR B HAYES
MR D H ANDREWS
MR M HADDON
MR M RING
MR. G. STAPLETON

MAFF continued
PS/min
PS/min & S (C)
Mr. GURD
MR. REDFERN
Miss. Brown

ECFO 020/18

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FRAME AGRICULTURE
FRAME ECONOMIC
DESKBY 190730Z
FM UKREP BRUSSELS 181658Z MAY 82
TO IMMEDIATE F C O
TELEGRAM NUMBER 1996 OF 18 MAY 1982
INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
ATHENS

COUNCIL OF MINISTERS (AGRICULTURE): 17-18 MAY

M I P T

MME CRESSON'S STATEMENT

QUOTE 1) LES DECISIONS QUE LE CONSEIL DOIT PRENDRE SONT DES DECISIONS ANNUELLES IMPOSEES PAR LES TRAITES ET DONT L'OBJET EST D'ASSURER LE FONCTIONNEMENT NORMAL DES ORGANISATIONS DE MARCHE DONT DEPEND LE NIVEAU DE VIE DES AGRICULTEURS.

2) LE COMPROMIS DE LUXEMBOURG A POUR OBJET D'ASSURER A CHAQUE ETAT-MEMBRE QU'AUCUNE DECISION NE PEUT LUI ETRE IMPOSEE S'IL ESTIME QUE SES INTERETS ESSENTIELS SONT EN JEU. CELA N'EST PAS CONTESTE.

MAIS IL N'A JAMAIS EU ET NE PEUT AVOIR POUR OBJET DE PERMETTRE A UN ETAT-MEMBRE DE PARALYSER LE FONCTIONNEMENT NORMAL DE LA COMMUNAUTE AVEC LA CONSEQUENCE D'EN ALTERER FONDAMENTALEMENT L'ESPRIT ET LES REGLES. UNQUOTE

FCO ADVANCE TO:-

FCO - PS/S OF S, SPRECKLEY, WITNEY

CAB - ARMSTRONG

NO 10 - COLES

MAFF - PS/MIN, PS/MIN OF S(C), PS/HAYES, HADDON, GURD, REDFERN,
MISS BROWN

TSY - FITCHEW

DAFS - CRAMOND *[ADVANCED AS REQUESTED]*

DANI - JACK

WOAD(I) - BEVAN

BUTLER

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FCO
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PS/LORD PRIVY SEAL

MR BULLARD
MR HANNAY
LORD BRIDGES

RESIDENT CLERK

HD/ECD I. (3)
HD/NEWS D
HD/*ERD*...
HD/.....
HD/.....

PLUS FCO

Mr Whitney ECD(C)

CABINET OFFICE

MR D HANCOCK
MR D M ELLIOTT
MR A M GOODENOUGH
MR S WENTWORTH
MR J RHODES
Mr R. Mansingh

D O T

PLUS OGDS

Mr P Kent HM Customs & Excise
~~*Mr Goble No/D.S.*~~
Mr Gramond JAFF
Mr Jack DANI
Mr Bevan WOAD(C)

H M TREASURY

SIR K COUZENS
MR G E FITCHEW
Miss J. E. Court
Mr J. G. Miller
Mr Edwards

M A F F

SIR B HAYES
MR D H ANDREWS
MR M HADDON
MR M RING
Mr G Stapleton

PS Minister of State
PS Minister of State (C)
Mr Gurd
Mr Redfern
Miss Brown

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FRAME ECONOMIC

DESKBY 195730Z

FROM UKREP BRUSSELS 181659Z MAY 82

TO IMMEDIATE FCO

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COUNCIL OF MINISTERS (AGRICULTURE) 17/18 MAY

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MR WALKER'S STATEMENT

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MR WALKER'S STATEMENT

1. MR WALKER CRITICISED THE "CYNICAL" STATEMENT OF THE ITALIAN AND FRENCH MINISTERS. WHAT THEY HAD SAID SHOWED HOW WRONG THE CHAIR HAD BEEN TO PERMIT THIS VIOLATION OF THE LUXEMBOURG COMPROMISE. WHAT, IN EFFECT, THE FRENCH AND ITALIANS WERE SAYING WAS THAT, AFTER 16 YEARS, THEY HAD BROKEN THE LUXEMBOURG COMPROMISE AND NOW WISHED TO RECORD THEIR DESIRE FOR IT TO CONTINUE TO EXIST. THIS WAS RIDICULOUS. MR WALKER ASKED THE COUNCIL HOW MATTERS WOULD HAVE GONE HAD THE BOOT BEEN ON THE OTHER FOOT, AND HAD FRANCE, FOR EXAMPLE, BEEN IN THE POSITION OF DEFENDING A NATIONAL INTEREST, FACED WITH A SIGNIFICANT INCREASE IN THEIR BUDGETARY COST. IS IT CONCEIVABLE MR WALKER ASKED, THAT THEY WOULD NOT HAVE SOUGHT REFUGE IN UNANIMITY? ONLY RECENTLY, THE ITALIAN MINISTER HAD HELD UP THE WINE PACKAGE, PLEADING OVERRIDING NATIONAL INTEREST, AND THIS HAD BEEN ACCEPTED. NOW HE ACCUSED US OF ACTING SIMILARLY. THE EVENTS OF TODAY HAD OVERTURNED THE BASIC UNDERSTANDING OF MANY COMMUNITY MEMBERS. THE DAMAGE WHICH HAD BEEN DONE TO THE COMMUNITY WAS SO SEVERE AS TO BE UNQUANTIFIABLE. OUR COLLEAGUES HAD COLLUDED TO VIOLATE THE LUXEMBOURG COMPROMISE, WHICH WAS NOW DESTROYED. WE UNDERTOOK THE BENELUXE POSITION: THEY HAD CONSISTENTLY OPPOSED THE COMPROMISE. BUT GERMANY, IRELAND, FRANCE AND ITALY HAD NOW FORFEITED ALL RIGHT TO USE THE COMPROMISE AGAIN BECUASE OF WHAT THEY HAD DONE.

2. MR WALKER THEN READ THE FOLLOWING STATEMENT ON TO THE RECORD:

" AT THE OUTSET OF TODAY'S PROCEEDINGS, I MADE A FORMAL STATEMENT TO THIS COUNCIL DISASSOCIATING MY GOVERNMENT FROM THE PROCEDURE BY WHICH THE PRICE DECISIONS HAVE NOW BEEN PUSHED THROUGH BY MAJORITY VOTING AGAINST THE FUNDAMENTAL OBJECTIONS OF THREE MEMBER STATES. THE COUNCIL HAS VIOLATED THE ACCEPTED CONVENTIONS UNDER WHICH ALL PREVIOUS PRICE FIXINGS HAVE BEEN ADOPTED, AND HAS BEEN GIVEN POSITIVE ENCOURAGEMENT BY THE COMMISSION TO DO SO. I HAVE MADE IT CLEAR THAT THE UNITED KINGDOM GOVERNMENT CONSIDERED THAT IMPORTANT NATIONAL INTERESTS WERE INVOLVED, AND THAT, IN ACCORDANCE WITH THE ESTABLISHED PRACTICES OF THE COMMUNITY, DISCUSSION SHOULD HAVE CONTINUED IN THIS COUNCIL UNTIL THE UNANIMOUS AGREEMENT HAD BEEN REACHED. IT HAS ALWAYS BEEN ACCEPTED THAT IT IS A MATTER FOR THE INDIVIDUAL MEMBER STATES TO DECIDE WHEN ITS IMPORTANT NATIONAL INTERESTS WERE INVOLVED. TWO OTHER MEMBER STATES HAVE JOINED WITH US TODAY IN ENDORSING THIS VIEW.

IMPORTANT NATIONAL INTERESTS WERE INVOLVED. TWO OTHER MEMBER STATES HAVE JOINED WITH US TODAY IN ENDORSING THIS VIEW. MY DELEGATION HAS MAINTAINED ITS RESERVES ON THE LEVEL OF PRICE INCREASES, PARTICULARLY FOR THE SURPLUS COMMODITIES WHERE WE CONSIDER OUR AGRICULTURAL INTERESTS IN THE COMMUNITY ARE AFFECTED. WE HAVE ALSO MAINTAINED OUR RESERVE OVER THE BUDGETARY COST OF THE PROPOSAL. NO-ONE CAN DENY THAT THIS PLACES A FURTHER FINANCIAL BURDEN ON THE UNITED KINGDOM AND THERE IS, THEREFORE, A DIRECT AND ORGANIC LINK BETWEEN THE PRICE-FIXING DECISION AND THE BUDGET NEGOTIATIONS. I TOTALLY REJECT THE ARGUMENT THAT THE PRICE FIXING DECISIONS CAN BE REGARDED AS DIVORCED FROM THE BUDGETARY IMPLICATIONS. WE HAVE MAINTAINED ALL ALONG THAT THERE IS A DIRECT LINK AND THIS HAS BEEN RECOGNISED BY ALL MEMBER STATES IN THEIR AGREEMENT THAT THE THREE CHAPTERS OF THE 30 MAY MANDATE SHOULD PROCEED IN PARALLEL.

I ALSO REJECT THE ARGUMENT THAT THE COUNCIL WAS FACED WITH A LEGAL VOID WHICH HAD TO BE AVOIDED BY PUSHING THROUGH THE PRICE DECISIONS BY MAJORITY VOTING OVER THE OBJECTIONS OF THREE MEMBER STATES. THERE IS NO REQUIREMENT IN THE TREATY, AS THE COUNCIL'S LEGAL ADVISER CONFIRMED, TO REACH DECISIONS ON AGRICULTURAL PRICES BY ANY PARTICULAR DATE AND IN TWO OF THE LAST THREE PRICE FIXINGS THE DATE OF DECISION HAS BEEN LATER THAN TODAY. NO LEGAL VOID HAS ARISEN ON THOSE OCCASIONS AND THERE WAS NO NEED FOR SUCH A SITUATION TO ARISE NOW.

MY GOVERNMENT'S GOOD FAITH IN THE BUDGET NEGOTIATIONS HAS BEEN CALLED INTO QUESTION. I TOTALLY REJECT THE CHARGE THAT WE HAVE NOT BEEN READY TO NEGOTIATE CONSTRUCTIVELY FOR AN AGREEMENT. THE HISTORY OF THE BUDGET NEGOTIATIONS SHOWS THAT WE HAVE ON A NUMBER OF OCCASIONS MODIFIED OUR APPROACH IN ORDER TO SEEK A COMPROMISE. LAST FRIDAY, MY GOVERNMENT MADE A SUBSTANTIAL MOVE IN THE INTERESTS OF REACHING EARLY AGREEMENT BY SHOWING ITS READINESS TO NEGOTIATE FOR A ONE YEAR SETTLEMENT. ON SUNDAY THE COMMISSION PRODUCED A NEW PROPOSAL FOR A ONE YEAR AGREEMENT. WE MADE IT CLEAR AT YESTERDAY'S FOREIGN MINISTERS MEETING THAT WE WERE READY TO NEGOTIATE. YET IT SEEMS THAT MY GOVERNMENT WAS BEING PRESENTED WITH A TAKE IT OR LEAVE IT PROPOSAL.

IT PROPOSAL.

MR CHAIRMAN, I REGARD THIS TO HAVE BEEN A VERY
SAD AND DAMAGING DAY IN THE COMMUNITY'S HISTORY. UNDER
YOUR DIRECTION, THE COUNCIL HAS CHOSEN TO FUNDAMENTALLY
ALTER THE ESTABLISHED WORKING PRACTICES BASED ON THE
AGREEMENT REACHED IN 1966. I REPEAT THAT I TOTALLY
DISASSOCIATE MY GOVERNMENT FROM THE PROCEDURE YOU HAVE
ADOPTED. I SHALL BE REPORTING TO MY COLLEAGUES AND
WE SHALL NEED TO CONSIDER THE POSITION FOLLOWING TODAY'S
PROCEEDINGS.''

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