

CONFIDENTIAL

GRS600

CONFIDENTIAL

FRAME AGRICULTURE

DESKBY 240800Z

FM UK REP BRUSSELS 231910Z APR

TO IMMEDIATE FCO

TELEGRAM NUMBER 1438 OF 23 APR 85.

INFO PRIORITY COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN,

LUXEMBOURG, ATHENS, LISBON, MADRID AND WASHINGTON.

INFO SAVING BRUSSELS.

MY TEL NO 1421.

AGRICULTURE COUNCIL: 22/23 APRIL 1985.

AGRICULTURAL PRICES: THE SECOND DAY.

SUMMARY.

1. COUNCIL CONCLUDED WITH NO PROGRESS HAVING BEEN MADE ON ANY ISSUE AND WITH PRESIDENCY COMPROMISE (MY TEL NO 1414) IN DISARRAY.

2. COUNCIL WILL MEET AGAIN IN LUXEMBOURG ON 2/5 MAY IN A FURTHER ATTEMPT AT A SETTLEMENT.

DETAIL.

3. THE MORNING OF THE SECOND DAY WAS DEDICATED TO FURTHER WORK IN THE HIGH LEVEL GROUP (HLG) ON CEREALS AND TO THE CONCLUSION OF THE CONFSSIONALS.

4. THE LATTER SHOWED NO DISPOSITION ON THE PART OF MEMBER STATES TOWARDS COMPROMISE WITH THE GERMANS CONTINUING TO TAKE A PARTICULARLY TOUGH LINE.

5. IN THE HLG, PROGRESS WAS SIMILARLY SLENDER. FURTHER DISCUSSION OF PRESIDENCY PROPOSAL DID NOT REVEAL ANY MOVEMENT ON THE PART OF THE GERMAN DELEGATION WHO REFUSED TO CONSIDER ANY MECHANISM THAT COULD RESULT IN REDUCED PRICES. OTHER DELEGATIONS, WITH THE EXCEPTION OF THE GREEKS AND ITALIANS, CONSIDERED THE PRESIDENCY PROPOSAL NO IMPROVEMENT OVER THE CURRENT MECHANISM AND TECHNICALLY DIFFICULT TO OPERATE. IN THE LIGHT OF THIS, THE COMMISSION INDICATED IT WOULD NOT BE INTERESTED IN GOING ALONG WITH THE PRESIDENCY PROPOSAL.

6. THE DUTCH ALTERNATIVE CONCEPT (HAGUE TEL NO GRUBX 1 OF 4 APRIL) TAKING INTO ACCOUNT THE DIVERGENCE BETWEEN COMMUNITY AND WORLD PRICES (AS MEASURED BY THE LEVEL OF EXPORT REFUNDS) IN OPERATING THE GUARANTEE THRESHOLD SYSTEM WAS BRIEFLY DISCUSSED. IT PROVOKED FAVOURABLE REACTIONS ON THE PART OF MOST DELEGATIONS BUT STILL DID NOT MEET THE GERMAN PREOCCUPATION. THE COMMISSION INDICATED THAT IT WAS NOT OPPOSED IN PRINCIPLE AS IT WAS IN LINE WITH THE PROPOSALS IN COM 500 AND WOULD INDICATE A DEGREE OF PRODUCER PENALTY IF COMMUNITY PRICES WERE MARKEDLY HIGHER THAN WORLD PRICES. THE GROUP DID NOT, HOWEVER, PURSUE THE IDEA IN ANY DEPTH.

¹
CONFIDENTIAL

7

7. ITALIAN ATTEMPTS TO GET AGREEMENT TO OTHER POINTS IN THE CEREAL PACKAGE, WHICH WOULD HAVE INCREASED COMMUNITY PREFERENCE AND DURUM THRESHOLD LEVELS, FOUNDERED.

8. IN A BRIEF RESUMPTION OF THE COUNCIL BEFORE LUNCH, PANDOLFI (CHAIR) REPORTED THE SERIOUS STATE OF AFFAIRS THAT NOW EXISTED, STRESSED THE URGENCY OF OVERCOMING THE OBSTACLES NOW CONFRONTING THE COUNCIL AND SAID HE WOULD SPEND THE AFTERNOON WITH THE COMMISSION IN AN EFFORT TO SEE WHETHER FURTHER PROGRESS WAS POSSIBLE THIS WEEK.

9. THE COUNCIL MET AGAIN IN SUPER RESTRICTED SESSION AT 6.00 PM. PANDOLFI HAD CLEARLY MADE NO SIGNIFICANT PROGRESS DURING THE AFTERNOON AND COMMENTED THAT THE NEGOTIATIONS WERE NOW STALLED ON A NUMBER OF KEY POINTS. HE WISHED TO MAINTAIN MOMENTUM AND PROPOSED THAT THE PRESIDENCY AND COMMISSION SHOULD CONTINUE URGENTLY WITH BILATERAL CONTACTS WITH MEMBER STATES ON THE BASIS OF A NON-PAPER WITH A VIEW TO AN EXTRA COUNCIL MEETING STARTING AT 3.00 PM ON 2 MAY IN LUXEMBOURG WHICH WOULD CONTINUE FOR SO LONG AS NECESSARY TO REACH A CONCLUSION. THE NON-PAPER, UNLIKE THE FIRST COMPROMISE, WOULD COVER ALL MATTERS. HE ENVISAGED THAT IN THE COURSE OF THAT COUNCIL, THE COMMISSION WOULD BE ASKED TO PROPOSE A FORMAL OVERALL COMPROMISE.

10. MOST MINISTERS AGREED FAIRLY READILY WITH THIS PROCEDURE ALTHOUGH BRAKS (NETHERLANDS) LED A SMALL GROUP WHO FELT THAT MORE DISCUSSION WAS NEEDED IN THE PRESENT COUNCIL, OR IN A RECONVENED HLG. OTHERWISE THE CHANCES OF PROGRESS IN MAY WERE SLENDER. KIECHLE (GERMANY) OMINOUSLY WARNED THAT IT WAS A WASTE OF TIME DRAWING UP A COMPROMISE WHICH HE WOULD NOT BE ABLE TO ACCEPT.

11. ANDRIESSEN (COMMISSION) AGREED THAT A SERIOUS SITUATION EXISTED. THE COMMISSION WOULD COOPERATE FULLY IN EACH STAGE OF THE PROCEDURE OUTLINED BY PANDOLFI BUT THE COUNCIL MUST REMEMBER THE NEED TO RESPECT THE GUARANTEE THRESHOLDS, THE BUDGETARY RESTRAINTS UNDER WHICH IT WAS OPERATING AND THE RESTRICTION ON ROOM FOR MANOEUVRE IMPOSED BY EXTERNAL FACTORS.

12. GIVEN THE NEW TIMETABLE, MARKETING YEARS FOR BEEF, SHEEP, DAIRY PRODUCTS, DRIED FODDER AND CAULIFLOWERS WERE EXTENDED TO 5 MAY. IN THE CASE OF SHEEP, THE PREMIUM NEXT WEEK WOULD BE ON WEEK FIVE OF THE EXISTING SEASONAL SCALE.

FCO ADVANCE TO:

FCO - CLEMENTS.

CAB - HARDING.

MAFF - DICKINSON, MYERS, CANN, WILSON, ATTRIDGE, HADLEY,
PICKERING, LOWSON, HUNTER, WENTWORTH, CAMP, MORDUE,
PERRINS, WAY, THOMSON.

TSY - BUTT.

BUTLER
FRAME AGRICULTURE
ECDC)

(ADVANCED AS REQUESTED)

COPIES TO:
ADVANCE ADDRESSEES

²
CONFIDENTIAL