

UNCLASSIFIED
FRAME AGRICULTURE
FM PARIS 071610Z MAY 35
TO IMMEDIATE F C O
TELEGRAM NUMBER 384 OF 7 MAY
INFO PRIORITY BONN, UKREP BRUSSELS
INFO SAVING ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,
LUXEMBOURG, ROME.

*Underlined bits
only 1 suggest.*

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CAP PRICE FIXING: FRENCH REACTION TO FURTHER FAILURE
SUMMARY

1. FRENCH PRESS HIGHLY CRITICAL OF GERMAN INTRANSIGENCE OVER CEREALS. RECOURSE TO A VOTE AT NEXT WEEK'S COUNCIL IS THOUGHT POSSIBLE. FARMERS' ORGANISATIONS EXPRESS GRAVE CONCERN OVER INCOME POSITION OF PRODUCERS.

DETAIL

2. THE FRENCH PRESS DEVOTES CONSIDERABLE SPACE TO THE LATEST BREAKDOWN IN CAP PRICE FIXING AND FIRMLY BLAMES THE GERMANS. MOST COMMENT THAT PROGRESS WAS POSSIBLE ON OTHER DOSSIERS DURING THE 4-DAY MARATHON IN LUXEMBOURG, AND THAT EFFORTS WERE MADE BY THE ITALIAN PRESIDENT AND OTHER MEMBER STATES TO FIND SOME WAY OF ACCOMMODATING THE GERMANS TO THE EXTENT OF LIMITING THE PROPOSED PRICE CUT FOR CEREALS TO 2 PERCENT OR LESS. BUT IN VIEW OF THE GERMAN REFUSAL, THE PRESS IS DIVIDED IN ITS VIEW OF HOW THE IMPASSE WILL BE RESOLVED. LE MATIN (LEFT-WING) POINTS TO THE STARK CONTRAST BETWEEN THE GERMAN INSISTENCE ON PROTECTING CEREAL GROWERS AND THEIR READINESS TO EMBRACE MEASURES ON TRADE LIBERALISATION (INCLUDING AGRICULTURE) AT THE BONN SUMMIT.

3. THERE IS WIDE DISCUSSION OF POSSIBLE RECOURSE TO A VOTE AT THE NEXT COUNCIL. LE MONDE SEES TWO POSSIBILITIES: THE GERMANS MAY BE READY TO ACCEPT DEFEAT IN A VOTE ON CEREALS AFTER THEIR ELECTIONS; ALTERNATIVELY, THEY WILL INVOKE VITAL NATIONAL INTEREST, AS KIECHLE HAS ALREADY HINTED, AND THUS PROVOKE A MAJOR COMMUNITY CRISIS. BOTH LE MONDE AND LES ECHOS (BUSINESS DAILY) COMMENT THAT RECOURSE TO A VOTE IS SOMETHING WHICH FRANCE WOULD PROBABLY PREFER TO AVOID, ESPECIALLY IN RELATION TO THE GERMANS. BUT LE MONDE COMMENTS APPROVINGLY ON THE LINE TAKEN BY NALLET: THAT FRANCE NEEDS A CUT IN CEREALS PRICES IN ORDER TO PROTECT THE FINANCING OF CEREALS EXPORTS AND THUS EUROPE'S POWER TO COMPETE WITH THE US ON WORLD MARKETS. NALLET IS REPORTED AS SAYING THAT THE NEED TO HAVE UNANIMITY TO TAKE SIMPLE MARKET MANAGEMENT DECISIONS CREATES A MAJOR DIFFICULTY FOR THE FUNCTIONING OF THE EC. SEVERAL COMMENTATORS SEE IN THE PRESENT IMPASSE THE SHAPE OF WORSE TO COME WHEN THE COMMUNITY IS ENLARGED UNLESS THERE IS INSTITUTIONAL REFORM.

4. FRENCH SUPPORT FOR A CEREALS PRICE CUT IN ORDER TO PROTECT FRANCE'S POSITION AS AN AGRICULTURAL EXPORTER IS APPLAUDED IN MOST PAPERS. LE FIGARO (LEFT-WING) COMMENTS THAT THE FURTHER THE COMMUNITY DEPARTS FROM A PRUDENT PRICE POLICY, AND THEREFORE FROM WORLD MARKET PRICES, THE MORE EUROPE PLAYS INTO THE HANDS OF THE AMERICANS WHO WERE OUT TO ATTACK THE EC EXPORT RESTITUTION SYSTEM. BUT LE FIGARO ADDS THAT TO MAKE PROGRESS, BOTH GERMANY AND THE UNITED KINGDOM WILL HAVE TO BE PERSUADED TO ABANDON THEIR PRESENT RIGID AND ANTAGONISTIC POSITIONS.

5. FARMERS' ORGANIZATIONS HAVE REACTED ANGRILY TO THE BREAKDOWN. AT A PRESS CONFERENCE TODAY, GUILLAUME, PRESIDENT OF THE FEDERATION NATIONAL DES SYNDICATS D'EXPLOITANTS AGRICOLES (FNSEA), ANNOUNCED THAT FRENCH PRODUCERS WOULD INSIST ON COMPENSATION FOR THE LOSSES ARISING FROM DELAY IN FIXING PRICES, AND DEMANDED IMMEDIATE FRANC DEVALUATION, INCLUDING REMOVAL OF THE FRANCHISE. HE ALSO ANNOUNCED THAT THE FNSEA HAD AGREED WITH REPRESENTATIVES OF MILK PRODUCERS THAT THE LATTER SHOULD TAKE UNILATERAL ACTION TO REDUCE BY 1 PERCENT THE MILK CO-RESPONSIBILITY LEVY DUE FROM 1 APRIL AND TO PAY THE REMAINING 2 PERCENT WHICH WOULD NORMALLY GO TO THE NATIONAL MILK OFFICE TO AN INTER-PROFESSIONAL DAIRY INDUSTRY ORGANISATION INSTEAD. GUILLAUME ATTACKED THE GERMANS FOR THEIR CONTRADICTORY STANCE AND THEIR READINESS, AS SHOWN AT BOTH LUXEMBOURG AND BONN, TO UNDERMINE THE CAP. HE ALSO ATTACKED THE BRITISH FOR WANTING TO LIMIT FARM PRICE SPENDING WHILE BENEFITING SUBSTANTIALLY FROM THE BEEF VARIABLE PREMIUM SCHEME AND THE SHEEPMET REGIME. ON THE LATTER HE SAID THAT FRENCH PRODUCERS DEMANDED AT LEAST PARITY OF TREATMENT WITH THEIR BRITISH COUNTERPARTS.

F C O PLEASE PASS SAVINGS

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