

GRS 440
CONFIDENTIAL
DESKBY 101700Z
FRAME AGRICULTURE
FM BONN 101615Z MAY 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 476 OF 10 MAY
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING OTHER EC POSTS

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1985 CAP PRICE FIXING: GERMAN POSITION

SUMMARY

1. SPECULATION THAT KIECHLE HAS CABINET BACKING FOR A VETO. GERMANS STILL FIRMLY AGAINST PRICE REDUCTION FOR CEREALS. GOVERNMENT IN AN INTERNAL POLITICAL BIND. OFFICIALS UNCLEAR WHETHER ISSUE WILL BE SETTLED AT NEXT WEEK'S COUNCIL.

DETAIL

2. TODAY'S PRESS CONTAINS REPORTS THAT KIECHLE HAS THE CABINET'S BACKING FOR A VETO.

3. CONTACT WITH OFFICIALS IN AGRICULTURE, FINANCE AND FOREIGN MINISTRIES AND THE FEDERAL CHANCELLERY CONFIRM THAT KIECHLE HAS THE CABINET'S FIRM BACKING TO RESIST ANY REDUCTION IN CEREALS SUPPORT PRICE. THEY ADD THAT KIECHLE IS DETERMINED TO DO EVERYTHING IN HIS POWER TO PREVENT A REDUCTION. HE IS NOW TOO FAR COMMITTED TO THE FARMERS AND IS SAID TO BE FIGHTING FOR HIS POLITICAL LIFE. ON THE QUESTION OF WHETHER OR NOT HE WILL INVOKE THE LUXEMBOURG COMPROMISE, OFFICIALS ARE EVASIVE. THEY POINT TO THE COMMUNITY TRADITION THAT WHEN ONE MEMBER IS IN PARTICULAR DIFFICULTIES, THE OTHERS SHOW UNDERSTANDING. THEY EXPECT UNDERSTANDING FOR THE FRG TO BE SHOWN THIS TIME. THEY RECOGNISE THAT INVOCATION OF THE LUXEMBOURG COMPROMISE CONFLICTS NOT ONLY WITH THE FEDERAL REPUBLIC'S TRADITIONAL POSTURE BUT ALSO WITH THE LINE THEY HAD BEEN TAKING IN DOOGE COMMITTEE AND WITH THE POLICY OF FINANCIAL DISCIPLINE. BUT THE FARMERS' INTERESTS CANNOT BE SACRIFICED AGAIN. CLEARLY, THE GERMANS HOPE THAT A VOTE CAN BE AVOIDED. THE FACT THAT THE NORDRHEIN WESTFALEN ELECTIONS (ON 12 MAY) WILL BE OVER WHEN THE COUNCIL MEETS IS NOT, ACCORDING TO OFFICIALS, LIKELY TO LEAD TO GREATER FLEXIBILITY IN THE GERMAN POSITION.

4. OFFICIALS DO NOT SEEM TO EXPECT THAT NEXT WEEK'S COUNCIL WILL BE DECISIVE AND ARE PRESUMABLY LIVING IN THE HOPE THAT SOME COMPROMISE CAN YET BE AGREED THAT PROTECTS KIECHLE'S POSITION ON THE CEREALS PRICE ISSUE.

5. THERE HAS BEEN SOME CRITICISM, OF A RATHER ACADEMIC NATURE, OF THE GOVERNMENT'S POSITION IN THE PRESS BUT THE PRESSURE FROM THE FARMING LOBBY ON THE GOVERNMENT IS SAID TO BE UNYIELDING. ALSO IN TODAY'S PRESS IS A STATEMENT BY RIESENHUBER, FEDERAL RESEARCH MINISTER, DISMISSING THE POSSIBILITY OF USING AGRICULTURAL PRODUCTS AS A FORM OF ENERGY OR AS INDUSTRIAL RAW MATERIALS AND THUS OFFERING A SOLUTION TO THE PROBLEMS OF SURPLUSES.

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6. COMMENT

THE UNANIMITY WITH WHICH OFFICIALS REFER TO KIECHLE'S DETERMINATION TO PREVENT A CUT IN CEREAL PRICES IS IMPRESSIVE AND SUGGESTS THAT HINTS ABOUT A VETO ARE NOT JUST PROPAGANDA. FINANCE MINISTRY OFFICIALS HAVE SUGGESTED THAT AN ELEGANT SOLUTION WOULD BE FOR KIECHLE TO BE OUTVOTED BUT THEY DOUBT, GIVEN THE INTERNAL POLITICAL DIMENSION, THAT KIECHLE COULD BE RELIED UPON TO AGREE TO A VOTE. GERMAN TACTICS MAY BE TO CONTINUE TO TRY TO PLAY THE ISSUE LONG IN THE HOPE OF WEARING THE COMMISSION AND THE OTHERS DOWN.

FCO PLEASE PASS SAVING AND ADVANCE TO:-

FCO: RENWICK, FAIRWEATHER, CLEMENTS
CABINET OFFICE: WILLIAMSON, HARDING
TSY: BUTT
MAFF: ANDREWS, MRS ATTRIDGE, PACKER

(ADVANCED AS REQUESTED)

BULLARD

FRAME AGRICULTURE
ECD (U)