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FRAME AGRICULTURE

FROM PARIS 171700Z MAY 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 416 OF 17 MAY 1985

INFO PRIORITY UKREP BRUSSELS, BONN, WASHINGTON, ROME

INFO SAVING ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, LISBON, MADRID

CAP PRICE-FIXING : FRENCH REACTIONS

## SUMMARY

1. THE OUTCOME OF THE AGRICULTURE COUNCIL IS SEEN BY THE FRENCH GOVERNMENT AND PRESS AS PROFOUNDLY UNSATISFACTORY. THEY PUT THE BLAME SQUARELY ON THE GERMANS, ACCUSING THEM OF INTANSIGENCE (A TERM HITHERTO USUALLY RESERVED FOR THE BRITISH). GERMAN READINESS TO INVOKE THE LUXEMBOURG COMPROMISE AND THE LACK OF CONSISTENCY IN THEIR EUROPEAN POLICIES ARE PRESENTED AS SEVERE SETBACKS TO THE RETURN TO HEALTH OF THE CAP, AND TO THE WIDER FUTURE OF EUROPE.

## DETAIL

2. NALLET IS QUOTED AS ACCUSING THE GERMANS OF REFUSING TO APPLY THE CAP RULES THEY HAD THEMSELVES HELPED TO WORK OUT AND INVOKING THE LUXEMBOURG COMPROMISE ON AN ISSUE DIFFICULT TO DESCRIBE AS A VITAL INTEREST. HE ADDED THAT ALL THE CONCESSIONS OFFERED TO THE GERMANS IN THE PAST TWO MONTHS OF NEGOTIATION HAD NOW BEEN WITHDRAWN. PRIME MINISTER FABIUS HAS DESCRIBED THE OUTCOME OF BRUSSELS AS A SEVERE BLOW TO EUROPE: HE ACCUSED THE GERMANS OF DOUBLE INCONSISTENCY IN CALLING FOR BOTH BUDGET DISCIPLINE AND INCREASED EXPENDITURE, AND IN URGING THE DEVELOPMENT OF EUROPE WHILE INVOKING THEIR RIGHT OF VETO. FRENCH FARMING REPRESENTATIVES HAVE WELCOMED THE ENDING OF UNCERTAINTY BUT ARE PREDICTABLY CRITICAL OF THE LOW LEVEL OF PRICE INCREASES FOR MOST PRODUCTS.

3. THE FRENCH PRESS WHICH HAS PORTRAYED THE GERMANS AS THE VILLIANS THROUGHOUT THE RECENT NEGOTIATIONS, SEES THE OUTCOME OF THE COUNCIL AS AN UNSATISFACTORY COMPROMISE AND A VICTORY FOR GERMAN OBSTINACY. THERE IS WIDESPREAD COMMENT ON THE GLARING CONTRADICTIONS BETWEEN PREVIOUS GERMAN PLEADINGS IN FAVOUR OF A RETURN TO MAJORITY VOTING AND GREATER BUDGETARY DISCIPLINE ON THE ONE HAND, AND THEIR USE OF THE VETO TO PROTECT THEIR OWN FARMERS ON THE OTHER. THE PRESS IS GENERALLY AGREED THAT THE REASONS FOR GERMAN INTRANSIGENCE ARE TO BE FOUND IN DOMESTIC GERMAN POLITICS, AND THAT THE PRESSURES ON KIECHLE WERE EXACERBATED BY LAST WEEKEND'S LOCAL ELECTION RESULTS. MOST COMMENTATORS TEND TO SEE THE OUTCOME OF THE COUNCIL AS A DEFEAT FOR FRANCE BUT NOTE THAT THE FRENCH DELEGATION DID NOT IN THE END APPEAR READY TO FIGHT IT OUT WITH THE GERMANS TO THE BITTER END. THE BRITISH ROLE IS GENERALLY SEEN IN A POSITIVE LIGHT. DESPITE ONE OR TWO EARLIER HINTS TO THE CONTRARY, PRESS COMMENT TODAY DOES NOT SUGGEST THAT WE WERE PART OF THE PROBLEM BY DEFENDING THE GERMANS' RIGHT TO INVOKE THE LUXEMBOURG COMPROMISE.

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4. SEVERAL PAPERS GO BEYOND THE IMMEDIATE AGRICULTURAL ISSUES TO DRAW SOME SOMBRE CONCLUSIONS FOR EUROPEAN PROSPECTS. LES ECHOS (BUSINESS DAILY), WHICH IS HIGHLY CRITICAL OF KOHL, COMMENTS THAT THE DECISION OF THE OTHER NINE TO SUBMIT TO A GERMAN DIKTAT MEANS THAT THE CREDIBILITY OF CAP REFORM HAS BEEN DIMINISHED AND HOPES THAT INSTITUTIONAL REFORMS WOULD EMERGE FROM THE MILAN SUMMIT HAVE BEEN RUINED. LE QUOTIDIEN DE PARIS (RIGHT-WING) DESCRIBES THE FAILURE OF THE NEGOTIATIONS AS YET ANOTHER ILLUSTRATION OF THE DECLINE OF EUROPE, THE ESSENTIAL REASON BEING THE CRACK IN THE BONN-PARIS AXIS. THE NEWSPAPER REGARDS RELATIONS AS NOW MARKED BASICALLY BY DISCORD, DESPITE FRENCH ATTEMPTS TO PLAY THIS DOWN, AND THE IDEA OF A FRENCH INITIATIVE TO RELAUNCH EUROPE AS DIFFICULT TO IMAGINE IN SUCH CIRCUMSTANCES.

5. IN AN EXCEPTIONALLY BLUNT EDITORIAL, ENTITLED QUOTE BONN AGAINST PARIS UNQUOTE, LE MONDE (INDEPENDENT) CONDEMNS THE GERMAN THREAT TO USE THEIR VETO, CALLING THIS A SAVAGE BLOW TO CAP REFORM AND A DEMONSTRATION OF DOUBLE INCONSISTENCY - IT BEING CONTRADICTORY FIRST TO FORCE THE COMMUNITY TO RETURN TO LAXITY JUST WHEN KOHL HAS SUPPORTED REAGAN OVER A NEW GATT ROUND WHICH WILL PUT THE CAP IN AMERICAN GUN-SIGHTS, AND SECOND TO INVOKE THE LUXEMBOURG COMPROMISE (AFTER DENOUNCING IT FOR TWENTY YEARS) JUST WHEN PEOPLE ARE READY TO RETURN TO THE DECISION-MAKING PROVISIONS OF THE TREATY OF ROME. THE PROSPECTS FOR A RELAUNCH OF THE COMMUNITY AT MILAN ARE POOR INDEED, CONCLUDES LE MONDE, UNLESS THE VARIOUS FRANCO-GERMAN MEETINGS BEFORE THEN, INCLUDING DUMAS-GENSCHER NEXT WEEK, SHOW THAT PARIS STILL HAS SOME INFLUENCE IN BONN.

COMMENT

6. SUCH WIDESPREAD AND DAMNING CRITICISM OF THE GERMANS IS WITHOUT RECENT PRECEDENT HERE. THE GLOOM ABOUT THE PROSPECTS FOR MILAN IS ALSO NOTABLE. THIS LATEST ROW, ADDED TO INCREASING FRENCH SUSPICION THAT THE GERMANS HAVE TAKEN THE US SIDE OVER SDI, MARKS A SIGNIFICANT DOWN-TURN IN THE RELATIONSHIP. THE DAMAGE CAN PROBABLY BE REPAIRED TO SOME EXTENT, BUT THE CONVICTION IS CLEARLY GROWING IN PARIS THAT KOHL'S GOVERNMENT IS DANGEROUSLY WEAK IN DOMESTIC POLITICAL TERMS AND INCAPABLE OF PURSUING CONSISTENT POLICIES.

7. IT IS DIFFICULT TO SEE HOW THE FRANCO-GERMAN TANDEM CAN BE RESTORED TO MOTION SUFFICIENTLY TO PRETEND TO GIVE ANY SORT OF CONSTRUCTIVE LEAD ON COMMUNITY MATTERS AT THE MILAN EUROPEAN COUNCIL.

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