

PM

GRPS 600

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FRAME AGRICULTURE

FM UKREP BRUSSELS 241535Z MAY 85

TO PRIORITY F C O

TELEGRAM NUMBER 1939 OF 24 MAY

INFO ROUTINE COPENHAGEN, THE HAGUE, ROME, DUBLIN, PARIS, BONN,
LUXEMBOURG, ATHENS, LISBON, MADRID,
INFO SAVING BRUSSELS.

ROME PLEASE PASS ALSO TO MAFF PARTY IN SIENA.

AGRICULTURAL PRICE FIXING: CEREALS.

SUMMARY

1. THE COMMISSION HAVE TODAY DECIDED, AND ANNOUNCED TO THE PRESS THAT THEY STICK BY THE COMPROMISE PROPOSAL OF LAST WEEK OF A PRICE CUT OF 1.8 PER CENT.

DETAIL

2. AT THIS MORNING'S COMMISSION MEETING (A NUMBER INCLUDING, LORD COCKFIELD, BEING ABSENT), ANDRIESSEN WAS HABILITATED TO STICK TO THE LAST COMPROMISE IN THE 13/16 MAY COUNCIL OF A CEREALS PRICE REDUCTION OF 1.8 PER CENT BUT TO GO NO LOWER. HE WAS ALSO AUTHORISED TO MAKE THIS POSITION PUBLIC AND THE PRESS WERE INFORMED AT NOON TODAY.

3. THERE WAS NO DISCUSSION ON THE SUBSIDIARY ELEMENTS (MONTHLY INCREMENTS, CARRYOVER PAYMENTS) BUT IT SEEMS TO BE ASSUMED THAT THE PROPOSED REDUCTION IN THE DELAY IN INTERVENTION PAYMENTS STANDS.

4. THIS DECISION WAS THE OUTCOME OF SOME DIFFERENCES BETWEEN HAWKS (EG LORD COCKFIELD) WHO HAD WISHED THE COMMISSION TO REVERT TO ITS ORIGINAL PROPOSAL AND OTHERS WHO HAD PLEADED FOR THE COMMISSION NOT TO BE TOO TOUGH AND IN PARTICULAR TO AVOID THE COMMISSION TAKING THE BLAME FOR KIECHLE EXERCISING A VETO AT THE NEXT COUNCIL.

5. CHRISTOPHERSEN VOICED CONCERN ABOUT HOW AGRICULTURAL SPENDING FOR 1986 COULD BE RECONCILED WITH THE GUIDELINE. THE GUIDELINE CALCULATIONS WERE BEING REVISED TAKING ACCOUNT OF MEMBER STATES' REVISED FORECASTS OF OWN RESOURCES: THE GUIDELINE FIGURE (BUDGET DEFINITION) WAS NOW 20,435 MECU. AGRICULTURAL SPENDING, TAKING ACCOUNT OF THE COMMISSION'S EARLIER ESTIMATES AND REVISIONS MADE DURING THE PRICE FIXING, WAS LIKELY TO BE JUST UNDER 20.6 BECU. THIS WOULD LEAVE ROOM FOR A PRICES PACKAGE NEXT YEAR, OR SPECIAL DESTOCKING MEASURES - UNLESS THE COUNCIL ABANDONED AGREEMENT ON BUDGETARY DISCIPLINE.

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6. WE WILL TRY TO CHECK WHAT WAS BEHIND THE FIGURES QUOTED BY CHRISTOPHERSEN.

7. WE UNDERSTAND FROM AVERY (ANDRIESSEN CABINET) WHOSE CONFIDENCE PLEASE RESPECT, THAT THERE HAVE ALSO BEEN UNDERTONES THAT MITTERRAND WISHES TO REACH SOME SORT OF AGREEMENT WITH KOHL WHEN THEY MEET NEXT WEEK (AS PART OF A FENCE MENDING EFFORT). THIS IS PART OF THE REASON WHY ANDRIESSEN WAS ANXIOUS TO PUBLICISE THE COMMISSION'S POSITION TODAY. ANDRIESSEN IS ALSO REPORTED BY AVERY AS BEING DETERMINED NOT TO RETREAT FURTHER ON THE 1.8 PER CENT.

FCO COPY TO:

FCO - CLEMENTS.

CAB - JAY.

MAFF - MRS ATTRIDGE, HADLEY, G. WILSON, LOWSON, PERRINS.

TSY - BUTT.

BUTLER

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ECD(1).

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COPY ADDRESSEES.

[REPEATED AS REQUESTED]

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