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FRAME AGRICULTURE

AGRICULTURE COUNCIL: 24/25 MARCH 1986.

## SUMMARY

1. TWO NEW MINISTERS JOINED THE COUNCIL. MRS HOLBERG FOR DENMARK MAINTAINED PRECISELY THE SAME POSITIONS AS HER PREDECESSOR. MR GUILLAUME FOR FRANCE MADE NUMEROUS GENERAL STATEMENTS OF SUPPORT FOR FARMERS BUT IN MOST MATTER OF DETAIL STUCK TO ESTABLISHED FRENCH POSITIONS.
2. LITTLE PROGRESS ON PRICE PROPOSALS, CEREALS AND BEEF REFORMS AND THE MILK OUTGOERS PROPOSAL.
3. A MAJORITY REGARD THE FALL IN THE DOLLAR AS AN EXCEPTIONAL CIRCUMSTANCE JUSTIFYING EXCEEDING THE FINANCIAL GUIDELINE.
4. STOCK DEPRECIATION PROPOSAL AGREED ON A VOTE, WITH A GERMAN ABSTENTION. STOCK FINANCING CUTS TO BE DISCUSSED FURTHER IN COREPER, BUT COMMISSION PROMISE TO MAKE THE MAXIMUM CUT THEY CAN UNDER THEIR OWN COMPETENCE.
5. REVISED MANDATE FOR NEGOTIATIONS ON ACP SUGAR AGREED UNANIMOUSLY WITH COMPENSATION, VIA MCA PREFIXATION, FOR REFINERS.
6. FINAL TEXTS BASED ON LAST MONTH'S COMPROMISE ADOPTED ON STARCH AND SUGAR FOR THE CHEMICAL INDUSTRY BY MAJORITY VOTE, WITH BELGIUM VOTING AGAINST IN EACH CASE.
7. AID FOR ITALIAN FROST DAMAGED OLIVE GROVES AGREED UNANIMOUSLY.
8. PROPOSALS ON PORTUGUESE STRUCTURES GIVEN A FAIR WIND, SUBJECT TO AMENDMENTS TO BE CONSIDERED IN DETAIL BY SCA.
9. DIRECTIVE ON BATTERY CAGES PASSED BY MAJORITY VOTE WITH UK AND DENMARK VOTING AGAINST.
10. PRICE PROPOSAL DISCUSSIONS ON INDIVIDUAL PRODUCTS AND FINANCIAL IMPLICATIONS IN MY 4 IFTS. SUGAR AND STARCH IN MY FIFTH IFT. BATTERY HENS AND STRUCTURES IN MY SIXTH IFT. ALL OTHER DETAIL BELOW.

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11. RESPONDING TO THE PRESIDENCY'S CUSTOMARY WELCOME FOR A NEW MINISTER, GUILLAUME (FRANCE) TOOK THE OPPORTUNITY OF SETTING OUT THE BACKGROUND TO FRANCE'S STANCE IN THE PRICE NEGOTIATIONS. HE SAW THE PRIMARY OBJECTIVE OF THE CAP AS TO GUARANTEE A BETTER INCOME FOR FARMERS. HE RECOGNISED THE FINANCIAL CONSTRAINTS AND EXTERNAL TRADE PRESSURES UNDER WHICH THE CAP OPERATED, BUT HE ADVOCATED A RETURN TO BASIC PRINCIPLES: UNITY OF PRICES AND OF THE MARKET. ALL PREMIA SHOULD END. IN THE PRICE FIXING HE WOULD BE PRESSING IN PARTICULAR FOR THE DISMANTLING OF MCAS AND WOULD OPPOSE MEASURES RUNNING COUNTER TO SPECIALISATION OF PRODUCTION. HE COULD NOT THEREFORE ACCEPT ANY EXTENSION OF QUOTAS, IN PARTICULAR IN THE CEREALS SECTOR WHERE HE WAS ALSO CONCERNED ABOUT THE PROPOSED CORESPONSIBILITY LEVY. EQUALLY NECESSARY WAS FINANCIAL SOLIDARITY AND COMMUNITY PREFERENCE, AS HE WOULD FIND IT DIFFICULT TO ACCEPT ANY FURTHER CONSTRAINTS ON EC PRODUCERS WITHOUT SIMILAR RESTRICTIONS ON THIRD COUNTRIES. HE WAS OPPOSED TO SPECAIL AIDS OR SPECIAL MEASURES WHICH COULD UPSET THE NORMAL WORKING OF THE MARKET. FOR THIS REASON HE WAS AGAINST FUNDAMENTAL CHANGES TO THE BEEF REGIME WHICH WOULD INVOLVE THE INTRODUCTION OF EXPENSIVE NEW PREMIA. IT WAS IMPORTANT THAT, WITH THE ENLARGEMENT OF THE COMMUNITY, INCREASED ATTENTION SHOULD BE PAID TO MAINTAINING THE BASIC RULES OF THE MARKET.

CONCLUSION ON PRICE PROPOSALS AND EXTENSION OF MARKET YEARS

12. AFTER LENGTHY DISCUSSION ON INDIVIDUAL PRODUCTS (SEE MIFTS), BRAKS (CHAIR) CONCLUDED THAT SCA SHOULD WORK ON THE PACKAGE TO PREPARE IT FOR COUNCIL ON 21/22 APRIL WHEN HE WOULD AIM FOR AN AGREEMENT. IN HIS MEETING WITH COPA ON 25 MARCH THEY HAD LAID PARTICULAR STRESS ON THE NEED FOR AN EARLY DECISION TO END UNCERTAINTY AND ON INCLUDING THE COMMISSION'S PROMISED SOCIO-STRUCTURAL MEASURES IN THE DISCUSSION. A PROPOSAL ON THE LATTER SHOULD BE AVAILABLE AT THE LATEST IN THE WEEK BEFORE THE COUNCIL AND A HIGH LEVEL GROUP UNDER DE ZEEUW SHOULD MEET ON 17 APRIL TO CONSIDER THIS AND OTHER ASPECTS OF THE PRICE FIXING. THE EP'S OPINION SHOULD ALSO BE DELIVERED THAT WEEK TO CLEAR THE WAY FOR A CONCLUSION IN COUNCIL. IN ALL THE DISCUSSIONS, CONSTANT ACCOUNT SHOULD BE TAKEN OF THE FINANCIAL LIMITATIONS.

13. BRAKS PROPOSED THAT THE MARKETING YEARS FOR MILK, BEEF AND DRIED FODDER BE EXTENDED AS NECESSARY, TOGETHER WITH THE PROVISIONS ON THE BEEF VARIABLE PREMIUM AS PROMISED IN LAST YEAR'S PRICE FIXING. HOWEVER, THE LAST TWO COULD NOT BE FORMALLY DECIDED UNTIL THE EP HAD DELIVERED ITS OPINION. ON THESE A POLITICAL DECISION SHOULD THEREFORE BE TAKEN IN THIS COUNCIL WITH RETROSPECTIVE APPLICATION OF THE FORMAL DECISION WHEN IT WAS EVENTUALLY POSSIBLE TO TAKE IT. ANDRIESSEN (CHAIR) AGREED THIS COURSE, ADDING THAT ALL THE EXTENSIONS SHOULD BE TO 27 APRIL.

14. DEASY (IRELAND) SAID THAT RECENT CHANGES IN PAYMENTS FOR INTERVENED BUTTER HAD EFFECTIVELY REDUCED SUPPORT PRICES BY 1.5 PER CENT WHEREAS INSTITUTIONAL PRICES SHOULD BE MAINTAINED AT THE SAME EFFECTIVE LEVEL. THE CALF PREMIUM REGULATION SHOULD BE EXTENDED

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UNDER THE SAME TERMS AS THAT ON THE BEEF VARIABLE PREMIUM. GALLI (ITALY) SUPPORTED STRONGLY ON THE LAST POINT.

15. ANDRIESSEN DISMISSED THE IRISH DAIRY POINT AND INITIALLY OPPOSED INCLUDING THE CALF PREMIUM ON THE GROUNDS THAT ITS EXTENSION HAD NOT BEEN PROMISED IN LAST YEAR'S PRICE FIXING. HOWEVER, FACED WITH ITALIAN PERSISTENCE AND BRAKS' INCLINATION TO SUPPORT THEM, HE YIELDED THE POINT AND AGREED TO PROPOSE EXTENDING THE CALF PREMIUM ON THE SAME TERMS AS THE VARIABLE PREMIUM. GAUTIER (FRANCE) COULD ONLY AGREE ON THE UNDERSTANDING THAT THIS DID NOT PREJUDICE FRANCE'S OBJECTIONS TO THE PREMIA. BRAKS CONCLUDED THAT THERE WAS UNANIMOUS SUPPORT FOR THE PROPOSED EXTENSIONS (INCLUDING BOTH BEEF SECTOR PREMIA), ANSWERING MR JOPLING'S (UK) REQUEST FOR CLARIFICATION AS TO WHETHER THE UK COULD CARRY ON PAYING OUT VARIABLE PREMIUM WITHOUT INTERRUPTION BY SAYING THAT SUCH PAYMENT WOULD BE RETROSPECTIVELY AUTHORISED.

## OTHER BUSINESS

### (A) EXPORTS OF PURE-BRED CATTLE TO SPAIN AND PORTUGAL

16. FLORIAN (GERMANY) SAID THAT THERE SHOULD BE ACCESSION COMPENSATORY AMOUNTS (ACAS) ON EC10 EXPORTS OF THESE BREEDING CATTLE TO SPAIN AND PORTUGAL TO MAKE IT POSSIBLE TO COMPETE WITH THIRD COUNTRY SUPPLIERS. DE ZEEUW (NETHERLANDS), OTTOSEN (DENMARK) AND MR GUMMER (UK) SAID THAT THEY HAD HAD SIMILAR PROBLEMS, THE LATTER ADDING THAT THE COST INVOLVED SHOULD BE ONLY 2-3 MECU (IN CONTRAST WITH THE COMMISSION'S ESTIMATE OF 10 MECU PER YEAR) AND THAT THIS COULD BE COVERED WITHIN THE COMMISSION'S EXISTING PROVISION FOR ACAS. BARRERO (SPAIN) OPPOSED ACAS BECAUSE OF THE COST AND EFFECT ON RELATIONS WITH THIRD COUNTRIES. ANDRIESSEN WAS ALSO CONCERNED ABOUT THE COSTS AND REFERRED TO QUESTIONS RAISED DURING THE ACCESSION NEGOTIATIONS CONCERNING NATIONAL EXPORT SUBSIDIES ON CERTAIN CATTLE BREEDS. BRAKS CONCLUDED THAT SCA SHOULD CONSIDER THE FACTS AND LIKELY COSTS.

### (B) DAIRY SUBSTITUTES

17. KIECHLE (GERMANY), CALLED FOR A BAN ON DAIRY SUBSTITUTES. THE ISSUE SHOULD NOT BE LEFT TO THE ECJ. A BAN WOULD SAVE THE COMMUNITY BILLIONS OF ECUS IN THE DAIRY SECTOR. GUILLAUME ADDED THAT SUBSTITUTES COULD SOON DISPLACE 6 M TONNES OF MILK AT A COST OF 1.1 BECU PER YEAR. FISCHBACH (LUXEMBOURG) SUPPORTED.

18. ANDRIESSEN WAS WILLING TO CONSIDER WHAT COULD BE DONE TO AVOID THE ECJ IMPOSING A SOLUTION ON COUNCIL. THERE WAS ALREADY A COMMISSION PROPOSAL ON THE TABLE AND THIS WAS OPEN TO IMPROVEMENT. HE COULD UNDERSTAND THE VIEWS OF DAIRY PRODUCTS. ON THE OTHER HAND, ONE COULD NOTE WHETHER THE COUNCIL WISHED TO IMPOSE RESTRICTIONS ON INDUSTRIAL SECTORS OUTSIDE AGRICULTURE IN ORDER TO OVERCOME AGRICULTURAL PROBLEMS WHICH WERE IN PART THE PRODUCT OF CAP POLICIES. HE WOULD PREPARE A RECOMMENDATION FOR THE COMMISSION BUT THIS WAS A MATTER FOR COLLEGIAL DECISION. A REPORT AND ANY RECOMMENDATIONS WOULD BE READY BEFORE THE NEXT COUNCIL.

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19. KIECHLE FOUND THIS FAR TOO MEALY-MOUTHED. THERE WERE LIMITS BEYOND WHICH MEMBER STATES COULD NOT BE PUSHED. BILLIONS OF ECUS OF MEMBER STATES' MONEY WERE AT STAKE AND THE COMMUNITY WAS INTERFERING THROUGH THE ECJ CASE WITH LONGSTANDING NATIONAL PROVISIONS. HE DID NOT CARE ABOUT THE PROFITS OF INTERNATIONAL COMPANIES BUT WAS CONCERNED ABOUT THE WELL BEING OF HUNDREDS OF THOUSANDS OF FARMERS. IF THE COMMISSION DID NOT ACT, IT COULD BE THE LAST STRAW FOR GERMANY. GUILLAUME SAID THAT THIS WAS VERY IMPORTANT FOR FRANCE TOO. MR GUMMER ADDED THAT BRITISH FARMERS HAD TAKEN THE SAME VIEW AS THOSE IN GERMANY UNTIL THEY HAD REALISED THAT BUTTER CONSUMPTION WAS INCREASED BY SALES OF DAIRY AND NON-DAIRY MIXTURES. IT SHOULD ALSO BE RECALLED THAT THE PRODUCERS OF SUBSTITUTES DID NOT HAVE THE SAME FINANCIAL SUPPORT AS THE DAIRY SECTOR AND ALSO PROVIDED EMPLOYMENT. BRAKS CONCLUDED THAT THE COMMISSION'S REPORT SHOULD BE DISCUSSED AT THE NEXT COUNCIL.

(C) FUTURE WORK

20. THE NEXT SCA IS ON 7/8 APRIL. NO AGENDA YET.

HANNAY

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ADVANCE

HARRISON FCO

MACADAM CAB

HADLEY MAFF

WENTWORTH MAFF

DICKINSON MAFF

CRUICKSHANK MAFF

HOLLIS MAFF

ARCHER MAFF

HUNTER MAFF

THOMSON MAFF

BUTT TSY

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