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FM LUXEMBOURG

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FRAME AGRICULTURE

FROM UKREP BRUSSELS

AGRICULTURE COUNCIL, 13/14 OCTOBER 1986.

SUMMARY

1. A LONG COUNCIL WAS DOMINATED BY REPEATED EFFORTS TO SEEK A CONCLUSION TO THE VEXED ISSUE OF POULTRY AND EGGS MCAS. AFTER THE PRESIDENCY COMPROMISE WAS BLOCKED BY FRANCE, GERMANY AND DENMARK A QUALIFIED MAJORITY WAS EVENTUALLY FOUND FOR A ROLL FORWARD OF EXISTING SUSPENSIONS UNTIL 1 APRIL 1987 AND A POWER FOR THE COMMISSION TO DEAL WITH ANY ABNORMAL TRADE FLOWS. BELGIUM AND DENMARK VOTED AGAINST. LUXEMBOURG ABSTAINED.

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2. NO DISCUSSION OF GREEN POUND OR GREEN FRANC.

3. QUALIFIED MAJORITY, WITH FRANCE AND GERMANY OPPOSED, FOR UPDATING OF LEVY AND SLUICEGATE PRICES FOR EGGS AND POULTRY.

4. OLIVE OIL CONSUMPTION AID AGREED UNANIMOUSLY WITH CHANGE IN THE ANNEX TO THE FINANCIAL STATEMENT TO MAKE CLEAR THAT THE COST WILL BE AFFECTED BY SAVINGS FORESEEN ELSEWHERE IN THE OLIVE OIL REGIME.

5. LONG DEBATE ON MILK CONFIRMS THAT THE COUNCIL IS NOT WILLING TO ACCEPT THE COMMISSION PROPOSALS AS TABLED AND THAT COMMISSION IS UNWILLING TO COMPROMISE. SOME SUPPORT FOR ALTERNATIVES INCLUDING EVENTUAL QUOTA CUTS.

6. SOCIAL BUTTER REMAINS BLOCKED BY SPAIN, U.K AND DUTCH INSISTENCE ON A FINANCIAL LIMIT WHICH COMMISSION AND OTHER DELEGATIONS REGARD AS INCOMPATIBLE WITH THE OBJECTIVE OF THE SCHEME. BLOCKS LIKELY TO HOLD UNTIL OTHER MILK MEASURES AGREED.

7. INTERIM REPORT ON BEEF PROVOKES PREDICTABLE REACTIONS. PRESIDENCY WARNS OF MAJOR EFFORT TO REACH DECISIONS IN NOVEMBER.

8. POULTRY AND EGGS IN MIFT. DAIRY IN MY SECOND IFT. ALL OTHER DETAIL BELOW.

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GREEN RATE DEVALUATIONS.

9. IN THE ABSENCE OF A PROPOSAL ON THE GREEN POUND AND GREEN FRANC, MR JOPLING (PRESIDENCY) NOTED THAT THE U.K AND FRENCH DELEGATIONS HAD ALREADY EXPRESSED THEIR VIEWS VERY STRONGLY TO THE COMMISSION AND THERE WAS NO NEED FOR DISCUSSION IN COUNCIL.

OLIVE OIL CONSUMPTION AID.

10. ANDRIESSEN (COMMISSION) SAID THAT AN INCREASE IN CONSUMPTION AID WOULD ADD TO BUDGETARY EXPENDITURE ON THIS ITEM. IF, HOWEVER, CONSUMPTION AID WAS NOT INCREASED MORE OLIVE OIL WOULD GO INTO INTERVENTION AND THE TOTAL COST WOULD PROBABLY BE EVEN GREATER. LAST SEPTEMBER THE COMMISSION HAD DECIDED TO MAKE 100,000 ECUS AVAILABLE FOR A STUDY ON THE EFFECTIVENESS OF THE AID, AND AN ANNOUNCEMENT ABOUT THIS STUDY COULD BE EXPECTED IN THE NEXT TWO WEEKS.

11. FLORIAN (GERMANY) WAS CONCERNED ABOUT A DISCREPANCY BETWEEN THE MAIN PART OF THE FINANCIAL STATEMENT WHICH SAID THAT THE EXPENDITURE COULD BE FINANCED FROM CURRENT APPROPRIATIONS IN THE BUDGET, AND THE ANNEX WHICH ONLY SAID THAT IT COULD BE PARTLY COMPENSATED FOR BY AN EXPECTED POORER HARVEST. ANDRIESSEN EXPLAINED THAT HE EXPECTED THE ADDITIONAL EXPENDITURE TO BE CONTAINED WITHIN THE BUDGET THROUGH THE LOWER PAYMENTS TO PRODUCERS AND TO THE PROCESSING INDUSTRY WHICH WOULD RESULT FROM THE POORER HARVEST. FLORIAN ASKED THAT THE SECOND INDENT OF THE ANNEX SHOULD BE AMENDED TO REFLECT THIS ASSUMPTION AND IT WAS AGREED THAT HIS CONCERN SHOULD BE RECORDED IN THE MINUTES.

12. GAUTIER-SAUVAGNAC (FRANCE) LIFTED THE FRENCH RESERVE, SAYING THAT HE ATTACHED IMPORTANCE TO THE IMPENDING COMMISSION PROPOSALS ON THE OILS AND FATS REGIME. PANDOLFI (ITALY) DID LIKEWISE, REMARKING THAT CONSUMPTION AID SHOULD BE HIGHER. HE AGREED WITH GAUTIER-SAUVAGNAC'S COMMENT AND ADDED THAT THE COMMISSION SHOULD DRAW CONCLUSIONS FROM THE IMBALANCE THAT WOULD EXIST BETWEEN THE LEVELS OF PRODUCTION AND CONSUMPTION AID.

13. IN THE ABSENCE OF FURTHER COMMENTS, MR JOPLING CONCLUDED THAT THE PROPOSAL WAS ADOPTED.

REFORM OF THE BEEF REGIME.

14. ROBERTS (SCA CHAIRMAN) OUTLINED THE REMIT WHICH SCA HAD GIVEN TO THE WORKING GROUP (SEE UKREP TELNO.3209 OF 1 OCTOBER). ANDRIESSEN DISAGREED WITH THE FRENCH ANALYSIS THAT THE PROBLEMS IN THE BEEF SECTOR WERE ONLY SHORT-TERM. FUNDAMENTAL CHANGES WERE NEEDED AND INTERVENTION HAD TO BE SUBSTANTIALLY LIMITED. THE COMMISSION WOULD BE FLEXIBLE IN EXAMINING WAYS FOR DOING THIS, ALTHOUGH THESE HAD TO ACHIEVE THE SAME OVERALL EFFECT AS THE PROPOSALS. HE WAS SUPPORTED IN HIS PLEA FOR URGENT PROGRESS BY MR JOPLING, WHO WARNED DELEGATES TO BE READY FOR A LONG DISCUSSION AT THE NOVEMBER COUNCIL WITH THE AIM OF REACHING DECISIONS THEN.

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