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PARIS, ROME, THE HAGUE

DUBLIN EUROPEAN COUNCIL: GERMAN PRESS REACTION

SUMMARY

1. GERMAN REPORTING IS DOMINATED BY THE AGREEMENT ON WINE. KOHL GETS A GOOD PRESS FOR DEFENDING GERMAN INTERESTS. EDITORS NOTE THE BETTER ATMOSPHERE AT DUBLIN THAN AT RECENT EUROPEAN COUNCILS, BUT FIND THE OUTCOME UNINSPIRING, AND THE ISSUES COVERED MOSTLY TOO TRIVIAL FOR HEADS OF GOVERNMENT. LITTLE COMMENT ON THE DOOGÉ COMMITTEE AND EUROPEAN UNION, THOUGH SOME EDITORS CALL FOR A TWO-SPEED EUROPE.

DETAIL

2. TODAY'S GERMAN PRESS IS UNENTHUSIASTIC ABOUT THE OUTCOME OF THE EUROPEAN COUNCIL, THOUGH RATHER LESS GLOOMY THAN BEFORE AND DURING THE TALKS, WHICH WERE DESCRIBED BY A SOURCE IN THE GERMAN DELEGATION AFTER THE FIRST DAY AS "VERY, VERY BAD". REPORTING CONCENTRATES ON THE CONFLICT BETWEEN ITALY AND THE FEDERAL REPUBLIC OVER WINE. CHANCELLOR KOHL GETS A GOOD PRESS FOR DEFENDING THE INTERESTS OF GERMAN WINE-GROWERS AGAINST ATTEMPTS TO CURTAIL ENRICHMENT. HE IS HELD TO HAVE GIVEN A GOOD ACCOUNT OF HIMSELF AND TO HAVE SURPRISED HIS PARTNERS WITH HIS COMMAND OF THE DETAILS OF THE PROBLEM, BASED ON HIS EXPERIENCE AS PRIME MINISTER OF RHINELAND-PALATINATE.

3. PAPANDEOU'S DEMANDS ON INTEGRATED MEDITERRANEAN PROGRAMMES AND THEIR LINK WITH ENLARGEMENT ARE REPORTED BRIEFLY IN MOST PAPERS, AS ARE THE AGREEMENT ON BUDGET DISCIPLINE, AND THE OUTCOME OF DISCUSSION OF THE DOOGÉ COMMITTEE REPORT.

4. A NUMBER OF COMMENTATORS OBSERVE THAT THE ATMOSPHERE AT DUBLIN WAS BETTER THAN AT RECENT EUROPEAN COUNCILS, AND THAT THE PRIME MINISTER AND HER DELEGATION APPEARED TO BE IN PARTICULARLY GOOD FORM. SOME PAPERS POINT UP THE CONTRAST WITH THE GERMAN DELEGATION, WHICH FELT UNDER PRESSURE ON WINE, AND APPARENTLY COMPLAINED IN THE CORRIDORS THAT THE GERMANS WERE ONCE AGAIN BEING ASKED TO PAY FOR A SOLUTION TO COMMUNITY PROBLEMS.

5. A RECURRENT THEME IN EDITORIAL COMMENT IS THAT THE COMMUNITY CANNOT CONTINUE AS AT PRESENT, CRIPPLED FINANCIALLY BY AGRICULTURAL SURPLUSES AND UNABLE TO RESOLVE THE DIFFERENCES BETWEEN MEMBER STATES THROUGH NORMAL COUNCIL PROCEDURES. A NUMBER OF EDITORS FIND IT ABSURD THAT HEADS OF GOVERNMENT SHOULD HAVE SPENT HOURS DISCUSSING ADDITIVES TO WINE, RATHER THAN ADDRESSING MAJOR STRATEGIC ISSUES.

6. THERE IS SURPRISINGLY LITTLE EDITORIAL DISCUSSION OF THE DOOGUE COMMITTEE AND EUROPEAN UNION. HELD IN THE FRANKFURTER ALLGEMEINE EMPHASISES THE NEED FOR PRAGMATIC IMPROVEMENTS RATHER THAN INSTITUTIONAL CHANGES, AND ARGUES FOR THE RETENTION OF THE LUXEMBOURG COMPROMISE. HE SEES THE WAY AHEAD AS A DE FACTO TWO-SPEED EUROPE, IN WHICH PARIS AND BONN SET THE PACE. OTHER PAPERS (EG WELT, GENERAL ANZEIGER, FRANKFURTER RUNDSCHAU) CLAIM THAT BRITAIN WILL NOT BE ABLE TO AGREE TO EUROPEAN UNION, AND THAT A TWO-SPEED EUROPE IS THEREFORE THE ANSWER. HHLAU IN DIE WELT SAYS THAT THE PRIME MINISTER ASKS PROVOCATIVELY WHAT EUROPEAN UNION MEANS, AND ARGUES FOR MORE SUBSTANCE IN COOPERATION WITHIN THE EXISTING FRAMEWORK, RATHER THAN CHASING AFTER SHADOWS. KOHL, HE SAYS, SENSES HER RESISTANCE, AND IS PREPARED TO WAIT UNTIL JUNE RATHER THAN FORCING THE PACE IN THE "PSYCHOLOGICALLY SENSITIVE" BATTLE FOR THE SOUL OF EUROPE.

BULLARD

FRAME ECONOMIC
ECD (1)

PRIME MINISTER

Wine

1. The text on wine resulting from the Commission's bilateral contacts and the Foreign Ministers' discussion is largely unchanged. The paragraphs on the quantity to be distilled (para 3(b)) and on the low price (para 3(d)) are the same. The first two triggers (four months' stocks or price below 82% of the guide price) are also the same; the third trigger has been slightly eased to normal consumption plus 9% but in an excess year this would still bite. The document is now headed "Table Wine". The other changes are small and are improvements.

2. The only disputed point now is the sugaring of wine (para 4, second sub-para). There are three choices for which different texts are offered:

(i) the wine to be distilled is to receive the lowest price (that of white wine A.1). This is the best for the United Kingdom because it saves the most money. The Germans will resist it.

(ii) the wine to be distilled is to receive a price about half-way between the present high level and the lowest level. This would be some improvement for the United Kingdom because it would still save some money (Commission estimates that if it had applied this year it would have saved about 47 million ecu)

(iii) a limit on the volume of sugared wine which can be distilled in Germany of 1.2 million hectolitres. This would be a slight advantage over the present system but its effect in most years would be small.

D. F. Williamson

(D F Williamson)

4 December 1984

Dublin, 3 December 1984

*Revised*Presidency Compromise on Wine

The Council of Ministers, noting the European Council's conclusion at Fontainebleau that reform of the common market organisation for wine is one of the conditions necessary for successful enlargement of the Community, has examined the Commission's report (8840/84) on the situation in the wine market and its associated proposals (9182/84 and 9469/84). As a result of that examination the Council has taken the following decisions:

1. The reduction of wine producing potential is an essential element of the reform of the wine market organisation.

The Council has noted the Commission proposals on this and signifies its agreement to the principle of measures to encourage grubbing-up and to limit replanting rights.

The Agriculture Council is given the task of taking the decisions which are necessary, before the end of the year, taking the particular conditions of each region into account.

2. In a further effort to improve the structure of the wine sector, only investments to improve wine quality without increasing quantity will be financed under Regulation 355/77 while a regulation to improve the structure of Greek vineyards and the Greek wine industry will be adopted by 31 January 1985 for an area of 20,000 hectares.

3. Other measures are necessary to ensure, as of now, the balance of the wine market, in particular a strengthening of the compulsory distillation machinery as provided for in article 41 of the basic regulation, along the following lines:

- a) Where a serious market imbalance exists, compulsory distillation will be triggered by the Commission under the Management Committee procedure; a serious market imbalance is deemed to exist when
- the stocks as defined in article 41 § 1, first indent, of Regulation 337/79 exceed four months' normal utilisation ⁽¹⁾
 - or when the market prices remain below 82% of the guide price during a representative period
 - or when, for a wine marketing year, the data in the advance estimate show that production is exceeding normal utilisations by more than 6%.
- b) The Commission will fix the quantities which must be sent for compulsory distillation so as to eliminate the production surplus and, in this way, reestablish a normal market situation in particular regarding stock levels and prices.

.../...

(1) Normal utilisation = consumption + net balance of foreign trade.

c) Where the compulsory distillation is triggered the Commission will make known, before X December, the compulsory distillation obligations of each region, grouped by member State.

While the responsibility for ensuring the implementation of the compulsory distillation thus rests with the Member States (1), the volume to be distilled compulsorily will be divided

- among the regions of the Community in proportion to the production volumes exceeding a specified level for each one of them, equal to a percentage (2) of their average harvest over the three wine years 1981, 1982/83, and 1983/84. This average base period may be modified by the Commission to take account of the evolution in production
- within each region, among producers, on the basis of yield per hectare on a scale fixed by the Commission under the Management Committee procedure. The scale may vary by region account being taken of yields obtained in the past. The producers may subtract the quantities sent for preventive distillation from their obligations under the compulsory distillation. For 1985/86 the rules will be adapted to provide for the administrative arrangements to be applied to Greece for that year.

*G.Y. 86
between producers in
each member state on
basis of average yield
for each producer except
where a decision is taken
by each member state
Decision 1980 not
acceptable
made then but
other member states*

(1) Statement for the Council minutes: The Council takes note of the Commission statement in which, where the Community provisions on compulsory distillation as they result from the distillation obligation of each region are not observed, the usual sanctions will be applied, particularly as regards the settling of accounts.

(2) The percentage will be determined by the Commission in the light of the ~~percentage~~ ^{quantity} decision (see paragraph (b) above) to eliminate the production surplus for the year in question.

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- d) For the 1985/86, 1986/87 and 1987/88 wine marketing years the price of compulsory distillation will be 50% of the guide price for the first 10 million hl of such distillation and 40% for quantities in excess of that.

The Council shall review the prices for the 1988/89 and 1989/90 wine marketing years in the light of the progress in reducing the imbalance in the table wine sector

- e) These additional measures will in principle continue until the end of the 1989/90 marketing year. The Council, on the basis of a report from the Commission dealing in particular with the effect of the structural measures and including where appropriate proposals on the future organisation of the wine market, shall decide whether they can be repealed or replaced by other measures that will guarantee balance in the wine market.

4. The Council requests the Commission to undertake a thorough study of the possibilities of using concentrated must and sugar and to report back to it before the end of 1990. The Council will then take a view on the measures to be taken in the area of enrichment.

In phased arrangements over the three years up to 1987/88, the buying in prices of the wines in the different distillations expressed as a percentage of the guide price shall be ~~related~~ related to the guide price of the type of table wine which has the lowest level (white wine of the A1 type).

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5. No changes are made in the present arrangements in regard to quality wines PSR.
 6. The Council undertakes to apply a restrictive price policy in the wine sector, as proposed by the Commission, just as long as the compulsory distillations show the existence of surpluses not marketable in normal conditions.
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Prime Minister

TEXT ON WINE

1. The revised text on wine does not differ from the earlier text on the main points of importance to us. In particular:

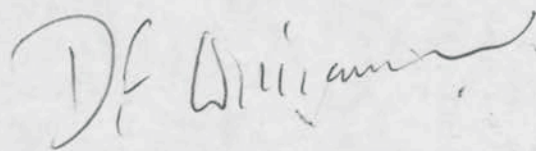
- i) paragraphs 1 and 2 are unchanged. They still include the three triggers (para 3a) and the requirement that the Commission must fix the quantities to be sent for compulsory distillation so as to eliminate the production surplus (para 3(b)).
- ii) the low price for obligatory distillation (para 3(d)) remains unchanged.
- iii) the restrictive price policy article (para 6) remains unchanged.

2. The changes relate to the distribution of the obligation to distil among regions (para 3(c)). This is not very important for the United Kingdom, provided that (as is the case) the total quantity in excess is taken off the market.

3. On sugar in German wine (para 4, 2nd sub-para) the new provision does not stop sugaring but reduces the cost of distilling sugared wine because it requires the lowest price to be paid.

4. We think that the French will broadly support and that the Italians will oppose. The Germans will find the provision on sugaring harder than the previous text.

5. In summary, we can accept this text.

A handwritten signature in cursive script, appearing to read "D F Williamson". The signature is written in dark ink and is positioned above the typed name.

D F Williamson