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FRAME AGRICULTURE

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Mr. N.K.J. WITNEY, E.120, ECD (I)

MR BULLARD  
~~MR HANNAY~~  
LORD BRIDGES

HD/.WIB....

HD/.SEA....

HD/.....

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MR D M ELLIOTT  
MR A M GOODENOUGH  
MR S WENTWORTH  
MR J RHODES

Ps/No.10, Downing St:-  
Mr. COATES ✓  
DAFS: MR. CRAMOND  
DANI: MR. JACK  
WOAD: MR. J.I. JAVIES (CARDIFF)

H M TREASURY

Ps/MIN. - Ps/MOS (C)  
M A F F

SIR K COUZENS  
MR G E FITCHEW

Ps/SIR B HAYES  
MR D H ANDREWS/MR. GURD  
MR M HADDON/MISS. BROWN  
MR M RING/MR. STALLETON

CONFIDENTIAL

FRAME AGRICULTURE

FROM UKREP BRUSSELS 022243Z APR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1385 OF 2 APRIL 1982

INFO ROUTINE COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN ATHENS

COUNCIL OF MINISTERS (AGRICULTURE) 31 MARCH / 2 APRIL

FINAL SPASM

1. MINISTERS WERE LOCKED UP ALONE FOR A FINAL SESSION FROM 6 UNTIL 10 PM, ENGAGED IN AN EXTRAORDINARY, CONFUSED RUNNING FIGHT OVER MCAS FROM WHICH DENMARK EMERGED VICTORIOUS, AD REFERENDUM, WITH NO MCA, FRANCE A PROBABLE LOSER WITH A 1 PERCENT MCA, THE CHAIR COVERED IN DISHONOUR AND DISGRACE FOR PARTIALITY AND INCAPACITY, BELGIUM DESPISED FOR THEIR TACTICS AND HUMILIATED BY THE OUTCOME (NO DEVALUATION), AND ALL OTHER PARTICIPANTS BAFFLED, BITTER AND EXHAUSTED. SO FAR AS ONE CAN TELL -

OUTCOME (NO DEVALUATION), AND ALL OTHER PARTICIPANTS

BAFFLED, BITTER AND EXHAUSTED. SO FAR AS ONE CAN TELL -  
(A) THERE WILL BE NO FORMAL REPORT TO THE FOREIGN AFFAIRS  
COUNCIL, WHENEVER THAT MAY BE, BUT THE CHAIR WILL IF  
REQUESTED MAKE AN INFORMAL REPORT ON A PERSONAL BASIS;  
(B) THE AGRICULTURE COUNCIL WILL MEET AGAIN ON 20 APRIL  
IN LUXEMBOURG AT 4 PM, TO CONTINUE ON 21ST AND 22ND  
(WHICH COULD BE BEFORE THE FAC, IN WHICH CASE (A) IS  
IRRELEVANT):

(C) THE MARKETING YEARS BEGINNING 1 APRIL ARE ROLLED  
FORWARD UNTIL THE FOLLOWING MONDAY 26 TH APRIL

(D) THE SPECIAL COMMITTEE WILL MEET ON TUESDAY AND  
WEDNESDAY TO KEEP UP THE HOPELESS PRETENCE THAT THE  
MEDITERRANEAN ACQUIS DOSSIER CAN BE PUT INTO ORDER  
FOR COUNCIL DECISION TOGETHER WITH THE PRICE FIXING  
(BUT WITH THE VALUABLE IMPLICATION THAT ALL OF IT IS  
THEN SETTLED, OR ALL OF IT DEFERRED):

(E) THE COMMISSION COMPROMISE PROPOSALS ON PRICES REMAIN  
ON THE TABLE, AND WILL BE TAKEN UP AT THE NEXT COUNCIL  
WITHOUT FURTHER OFFICIAL PREPARATION:

(F) UNLESS ITALY AND GREECE BOTH OBJECT BY MONDAY AFTERNOON,  
DENMARK'S GREEN CURRENCY IS DEVALUED BY 1.8 PERCENT (WHICH  
TOGETHER WITH THE FRANCHISE, GIVES A ZERO MCA):

(G) UNLESS THE AGRI-MONETARY COMMITTEE MEETING MONDAY  
COMES TO SURPRISING CONCLUSIONS, THE SUSPENSION OF THE  
OPERATION OF THE NON-CUMULATION ROLE IN FAVOUR OF FRANCE WILL  
BE ENDED, GIVING A 1 PERCENT NEGATIVE MCA:

(H) THE NETHERLANDS GAS TARIFF ISSUE REMAINS UNDISCUSSED  
AND UNRESOLVED:

(I) MARVELLOUSLY ABSTRUSE DEBATES WILL BE CONDUCTED FOR  
WEEKS HENCE ON THE BYZANTINE COMPLEXITIES OF THE ISSUES OF  
WHETHER MINISTERS ACTUALLY VOTED ON MCAS AND IF SO WHETHER  
THEY UNDERSTOOD THAT THEY WERE DOING SO.

2. FOR ALL THAT, WE EMERGED WELL-PLACED. ALTHOUGH ONE CAN  
FORESEE NEAR ISOLATION ON PRICES, WE WERE NOT UNDER ANY  
OBVIOUS PRESSURE AT THIS SESSION. ON NON-PRICE COMMODITY  
ISSUES, THERE IS NO CONSENSUS FORMING AMONGST THE NINE  
AND NO POINT WHATSOEVER HAS HAD TO BE CONCEDED BY US.

THE MEDITERRANEAN ACQUIS TACTIC IS WORKING VERY WELL. OUR  
CAPACITY TO NEGOTIATE WHATEVER WE MAY DECIDE ON OUR OWN  
MCAS IS GREATLY ENHANCED. OUR PARTNERS ARE AT ONE

ANOTHER'S THROATS ON ISSUES, ESPECIALLY AGRI-MONETARY ONES,  
OVER WHICH WE CAN BE RELATIVELY RELAXED. AND ALTOGETHER

ANOTHER'S THROATS ON ISSUES, ESPECIALLY AGRI-MONETARY ONES,  
OVER WHICH WE CAN BE RELATIVELY RELAXED. AND ALTOGETHER  
THE MOST PARTIAL OBSERVER WOULD BE HARD PUT TO IT TO FIND  
A SINGLE ISSUE UPON WHICH UK WAS IN A CLEAR MINORITY OF  
ONE OR SHOWING SIGNS OF BLOCKING FOR NON-AGRICULTURAL  
REASONS.

3. NARRATIVE OF THE FINAL SESSION FOLLOWS IN MIFT

FCO ADVANCE TO:-

FCO - PS/SOFS PS/LPS HANNAY SPRECKLEY WITNEY

CAB - HANCOCK WENTWORTH

NO 10 - COATES

MAFF - PS/MIN PS/MOS(C) PS/HAYES ANDREWS STAPLETON HADDON  
GURD MISS BROWN

DAFS - CRAMOND

DANI - JACK

WOAD - J I DAVIES (CARDIFF)

NICOLL

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HD/NEWS D

Mr WITNEY (ECD(1))

MR BULLARD  
MR HANNAY  
LORD BRIDGES

HD/.....  
HD/.....  
HD/.....

CABINET OFFICE

D O T

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MR D HANCOCK  
MR D M ELLIOTT  
MR A M GOODENOUGH  
MR S WENTWORTH  
MR J RHODES

~~Mr~~ COATES N° 10

H M TREASURY

M A F F

PS Minister  
PS Min of State

SIR K COUZENS  
MR G E FITCHEW

SIR B HAYES  
MR D H ANDREWS  
MR M HADDON, Mr GURD  
MR M RING, Miss BROWN

*mt*

GRPS 700

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FRAME AGRICULTURE

DESKBY 011500Z

FM UKREP BRUSSELS 011350Z APR 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 1330 OF 1 APRIL 1982

INFO ROUTINE COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN ATHENS

AGRICULTURE COUNCIL 31ST MARCH/2ND APRIL:

TACTICAL POSITION AT LGA2 ~~908+577~~  
LUNCH TIME THURSDAY

6.

1. FOLLOWING THE PUBLICATION OF THE COMMISSION'S PROPOSALS, BY MUTUAL AGREEMENT AND ENCOURAGED BY MR WALKER, THE MINISTERS OF GERMANY, HOLLAND, DENMARK AND THE UNITED KINGDOM LUNCHEDED TOGETHER. MR WALKER WAS ANXIOUS TO AVOID A 9 TO 1 LINE-UP WHICH WOULD OF COURSE GIVE PLEASURE TO THE FRENCH.

2. THE RESULT OF THE LUNCH WAS VERY SATISFACTORY IN THAT ALL FOUR

2. THE RESULT OF THE LUNCH WAS VERY SATISFACTORY IN THAT ALL FOUR MINISTERS AGREED THAT THIS AFTERNOON THEY WOULD PRESS FOR THE ENTIRE MEDITERRANEAN ACQUIS TO BE TAKEN OUT OF THE PROPOSALS AND TO BE SETTLED SEPARATELY AFTER THE PRICE FIXING. IT WAS HOPED THAT WE WOULD RECRUIT BELGIUM, LUXEMBOURG AND IRELAND TO SUPPORT THIS LINE AND THEREFORE THE FRENCH AND THE GREEKS WOULD BE IN A MINORITY OF 2, OR 3 IF ITALY SUPPORTED THEM. THIS WOULD REMOVE THE COMMISSION'S COSTLY AND DAMAGING PROPOSALS ON WINE FROM THE PACKAGE.

3. IT WAS ALSO AGREED BETWEEN HOLLAND, GERMANY AND OURSELVES THAT WE WOULD STRONGLY REJECT THE CURRENT MCA PROPOSALS, AND BOTH THE GERMANS AND THE DUTCH STATED THAT THEY WOULD BLOCK THE WHOLE PACKAGE UNLESS CHANGES WERE MADE.

4. MR WALKER URGED THE OTHER THREE MINISTERS TO JOIN HIM IN ATTACKING THE NEW PRICE PROPOSALS AS TOO HIGH. THEY WERE HOWEVER RELUCTANT TO DO SO, AND ERTL AT LEAST SEEMED PREPARED TO SEE A FURTHER INCREASE OF HALF A PER CENT, AND ONLY THE DUTCH SEEMED TO HAVE ANY SYMPATHY WITH OUR VIEW.

5. THERE WAS ALSO A CONSENSUS VIEW THAT THERE SHOULD BE AN ELIMINATION OF THE DISCRIMINATORY ASPECTS OF THE CO-RESPONSIBILITY LEVY ON MILK. THE GERMANS SURPRISINGLY SAID THAT THEY WOULD ACCEPT A FLAT RATE CO-RESPONSIBILITY LEVY OF 1 AND ONE HALF PER CENT AND UNDERSTOOD THE OBJECTION OF HOLLAND, DENMARK AND THE UNITED KINGDOM TO THE DISCRIMINATION IN FAVOUR OF SMALLER PRODUCERS.

6. IN A PRIVATE CONVERSATION WITH MR WALKER, THE GERMAN REPRESENTATIVE IN BRUSSELS, DETKEN, SAID IT WAS IMPORTANT FOR MR WALKER TO REALISE THAT THE SOCIAL DEMOCRATS WERE FOR THE FIRST TIME EAGER TO ISOLATE THE FRENCH MINISTER RATHER THAN THE BRITISH MINISTER AND THAT THEIR PROPOSALS TO EXCLUDE THE MEDITERRANEAN PACKAGE WOULD HAVE THAT RESULT. MR WALKER HOWEVER REFLECTED AFTERWARDS THAT ON A NUMBER OF OCCASIONS THE GERMANS HAVE STARTED WITH A STRONG LINE AND UNDER FRENCH PRESSURE CAVED IN. BUT AT LEAST IT WOULD APPEAR THIS AFTERNOON THAT WE WILL HAVE SOME ALLIES.

7. MR WALKER HAD A BRIEF TELEPHONE CONVERSATION WITH COMMISSIONER TUGENDHAT, WHO INFORMED HIM THAT AT THE MEETING DURING LAST NIGHT HE HAD TRIED TO RESIST SOME OF THE PRICE INCREASES AND TO OBTAIN A BETTER POSITION ON THE BRITISH MCAS, BUT THE COMMISSION HAD BEEN RALLIED BY MR ORTOLI, AND ORTOLI HAD HAD A SUCCESS IN ACHIEVING A PACKAGE WHICH WAS VERY FAVOURABLE TO FRANCE.

8. BEFORE THE LUNCH TODAY ERTL WENT TO SEE THORN AND REPORTED

PACKAGE WHICH WAS VERY FAVOURABLE TO FRANCE.

8. PRIOR TO THE LUNCH TODAY ERTL WENT TO SEE THORN AND REPORTED TO THE MINISTERIAL LUNCH THAT HE HAD ACCUSED THE COMMISSION OF PRODUCING A TOTALLY PRO-FRENCH PACKAGE WITHOUT ANY CONSIDERATION FOR ANYBODY ELSE. THORN ADMITTED THAT THE PACKAGE WAS VERY FAVOURABLE TO THE FRENCH, BUT STATED THIS WAS AS A RESULT OF THE SUCCESS OF MR ORTOLI IN RALLYING THE COMMISSION. THORN ALSO SAID THAT HE ANTICIPATED THAT BEFORE THERE WAS A SETTLEMENT THE SUGGESTED REDUCTIONS IN THE POSITIVE MCAS WOULD HAVE TO BE CHANGED, AFTER ERTL HAD MADE IT CLEAR THAT THERE WAS NO WAY THAT THE GERMANS WOULD ACCEPT SUCH REDUCTIONS.

FCO ADVANCE TO:-

FCO - PS/S OF S, PS/LPS, PS/PUS, HANNAY, SPRECKLEY, WITNEY

CAB - HANCOCK, WENTWORTH

NO 10 - COATES

MAFF - PS/MIN, PS/MIN OF S(C), PS/HAYES, GURD, MISS BROWN

BUTLER

NNNN

01/1440