

XX 1467/17

IMMEDIATE

FCO 008/17

OO FCO

PP COPENHAGEN

PP HAGUE

PP LUXEMBOURG

[News Dept]

Information Dept

~~Press Officer - No 10 DS~~

R.C.

GROUPS 800
UNCLASSIFIED
FM COI LONDON 171410Z MAR 84
TO IMMEDIATE FCO
IMMEDIATE NO TEN
PRIORITY ALL OTHER INFORMATION ADDRESSEES

RETRACT NR 00217 MAR 84

FCO NEWS DEPT (DUTY OFFICER) AND INF DEPT
NO TEN FOR PRESS OFFICER



ITEM: MINISTERS FAIL TO AGREE EC FARM PACKAGE

BY JOHN BARROWS, LPS CHIEF ECONOMICS CORRESPONDENT

BRUSSELS (LPS): DESPITE A MARATHON NEGOTIATING SESSION LASTING 26 HOURS, EUROPEAN COMMUNITY AGRICULTURE MINISTERS FAILED TODAY 17 MARCH TO AGREE UPON A PACKAGE OF FARM PRICES AND WIDER REFORMS OF THE COMMON AGRICULTURAL POLICY TO PRESENT TO THE SUMMIT MEETING OF EC HEADS OF GOVERNMENT WHICH OPENS HERE IN TWO DAYS.

INSTEAD, A "WORKING DOCUMENT" LIBERALLY STUDED WITH RESERVATIONS FROM EVERY MEMBER-STATE WILL BE PUT BEFORE THE COMMUNITY LEADERS. INFORMED SOURCES HERE SAID THAT IN THE ABSENCE OF AN AGREED FARM PACKAGE IT APPEARED EXTREMELY DOUBTFUL WHETHER THE SUMMIT WOULD BE ABLE TO DECIDE UPON NEW FINANCIAL DISCIPLINES AND FUNDAMENTAL BUDGETARY REFORM.

AS TODAY'S MEETING BROKE UP, BRITAIN'S AGRICULTURE MINISTER MR MICHAEL JOPLING SAID IT HAD ENDED WITH "A LACK OF AGREEMENT." THREE DOCUMENTS WOULD GO TO THE SUMMIT - THE WORKING DOCUMENT SUMMARISING THE RESULT OF THE FARM MINISTERS' DELIBERATIONS, WHICH CONTAINED RESERVATIONS FROM EVERY DELEGATION, A PAPER ON THE OUTLINE AGREEMENT TO LIMIT DAIRY PRODUCTION, AND A DOCUMENT ON MCA'S, THE SYSTEM OF CROSSBORDER TAXES AND SUBSIDIES USED TO ADJUST FARM PRICES IN LINE WITH CURRENCY FLUCTUATIONS.

MR JOPLING MADE CLEAR THAT SOME OF THE STRONGEST RESERVATIONS ABOUT THE PACKAGE HAD BEEN LODGED BY THE UK. THESE WERE ADDRESSED TO THE PROPOSAL TO ABOLISH THE VARIABLE BEEF PREMIUM, THE SUGGESTED ARRANGEMENTS FOR SHEEPMEAT, AND THE OVERALL BUDGETARY CONSEQUENCES OF THE COMPROMISE PACKAGE PUT FORWARD BY THE PRESIDENT OF THE FARM COUNCIL, M. ROCARD OF FRANCE.

FARM 2

THE MINISTER SAID UK RESERVATIONS ABOUT THE FINANCIAL CONSEQUENCES OF THE PACKAGE WERE SHARED BY SOME OTHERS - NOTABLY FEDERAL GERMANY AND THE NETHERLANDS.

MR JOPLING HAS SAID REPEATEDLY THAT THE UK OPPOSES ANY SPENDING ABOVE THE 16.5 BILLION EUROPEAN CURRENCY UNIT (EQUAL TO ABOUT 10 BILLION STERLING) FARM BUDGET FOR 1984, WHICH IN ANY CASE ACCOUNTS FOR TWO-THIRDS OF THE COMMUNITY'S TOTAL RESOURCES.

QUESTIONED BY REPORTERS, HE SAID TODAY THAT EC AGRICULTURAL COMMISSIONER, MR POUL DALSGER, HAD TOLD MINISTERS HE ESTIMATED THAT THE LATEST PROPOSALS WOULD ADD 610 MILLION ECU (ABOUT 360 MILLION STERLING) TO THE BUDGET IN 1984, AND 826 MILLION ECU (ABOUT 490 MILLION STERLING) IN 1985.

MILLION STERLING) IN 1985.

THE EC COMMISSION'S ORIGINAL FARM PRICE PROPOSALS FOR THIS YEAR COULD HAVE RESULTED IN OVER-SPENDING BY AS MUCH AS 1.5 BILLION ECU (AROUND 830 MILLION STERLING).

BEEF PREMIUM

MR JOPLING SAID BRITAIN WAS ALONE IN DEFENDING THE VARIABLE BEEF PREMIUM WHICH HE REGARDED AS ESSENTIAL. IT ENCOURAGED CONSUMPTION AND THEREBY SAVED THE COMMUNITY MONEY IT WOULD OTHERWISE HAVE TO SPEND ON INTERVENTION BUYING, ADDING TO THE ALREADY HUGE BEEF "MOUNTAIN" IN COMMUNITY STORES.

THE VARIABLE PREMIUM SCHEME TOPS UP THE PRICE UK PRODUCERS GET FOR THEIR BEEF CATTLE WHEN THE WEEKLY MARKET PRICE FALLS BELOW A TARGET LEVEL. AT PRESENT, BRITAIN HAS ONLY SOME 12,000 TONNES OF THE COMMUNITY'S INTERVENTION STOCKS OF MORE THAN 400,000 TONNES, BUT INFORMED SOURCES SAID ABOLITION OF THE PREMIUM SCHEME COULD PUSH THE BRITISH SHARE UP TO 75,000 TONNES AND THE COMMUNITY MOUNTAIN TO 600,000 TONNES.

FARM 3

NO SURPRISE

MR JOPLING TOLD JOURNALISTS THAT MINISTERS HAD TRIED VERY HARD TO GET AN AGREEMENT DURING THEIR LONG AND TIRING SESSIONS, BUT HE ADDED: 'GIVEN THE WIDE DIFFERENCES OF OPINION, THE PROBLEMS WE HAVE AND THE FINANCIAL CONSTRAINTS, I CANNOT SAY I AM ENORMOUSLY SURPRISED THAT WE HAVE NOT COME TO A FINAL CONCLUSION.'

HE HAD AGREED THAT THE WORKING DOCUMENT SHOULD GO FORWARD TO THE SUMMIT, BUT FARM MINISTERS WOULD HAVE TO MEET AGAIN ON 26 AND 27 MARCH AS ORIGINALLY SCHEDULED TO CONTINUE THEIR WORK.

MR JOPLING EMPHASISED AGAIN THAT THE REALM IN WHICH THERE WAS AN OPPORTUNITY TO SAVE MONEY WAS PRICE-FIXING FOR THE VARIOUS AGRICULTURAL PRODUCTS. 'WE HAVE NOT YET SETTLED ANY PRICES, BUT NOBODY HAS SAID THAT THERE MUST BE NO PRICE REDUCTIONS.'

MILK

THE BRITISH MINISTER SAID HE WOULD BE SURPRISED IF THERE WAS ANY CHANGE IN THE OUTLINE AGREEMENT REACHED LAST MONDAY TO FREEZE MILK PRICES AND CUT-BACK SURPLUS DAIRY PRODUCTION.

THERE WERE SOME PROPOSALS TO LOWER OTHER PRODUCT PRICES - CHIEFLY GRAINS - IN THE WORKING DOCUMENT, BUT THESE HAD NOT BEEN FINALLY AGREED. (LPS).

CO1 LONDON

NNNN