

EUROPEAN COMMUNITIES
THE COUNCIL

Brussels, 17 March 1984

5847/84
R/LIMITE

AGRI 43
AGRIFIN 177

WORKING DOCUMENT

from: COUNCIL (AGRICULTURE)

Mujaw to Resident Clerk, FCO.

please i) communicate contents of this document by telephone to Sir M. Franklin (MAFF) for Mr. Boddy (Treasury) of R. Williamson (Cob. office) same time as ukrep tel. no. 1004 8/17/84
ii) to R. Wall ECDC(I) for immediate information.

1. At its meeting on 11, 12, 13, 16 and 17 March 1984 the Council (Agriculture) worked out:

- as regards milk products, the points set out in 5802/84 dated 13 March 1984;

- as regards the dismantling of monetary compensatory amounts, the points set out in 5803/84 dated 13 March 1984;

- as regards the other products and the questions relating to the method of calculation of the MCAs, the text attached hereto.

The points decided upon supplement or amend the proposals and communications submitted by the Commission with respect to the adjustment of the common agricultural policy (COM 500) and the fixing of prices for the 1984/1985 marketing year and related measures.

2 points

Money for P.R.G.

Phasing out the 3% rebate M.C.A. - over 3 years.

M.B. of emergency arrangements more rebate M.C.A. related.

J. Calin

17/3/84

Winding up the proceedings, the Presidency noted that all the delegations are upholding a blanket reservation on this document. In fact, their agreement is subject to a balance being found between all the decisions to be taken by the European Council.

3. The President also noted that more specific reservations were tabled by:

- the United Kingdom delegation on:
 - = the variable slaughter premium for bovine animals; *defining payment* →
 - = the arrangement retained for the method of calculation of the ewe premium;
 - = the financial consequences of the various points adopted by the Council;
- the Irish delegation on the calving premium in conjunction with the United Kingdom reservation on the variable premium ⁽¹⁾;
- the Greek delegation, which emphasized that a better balance should be found in the treatment given to the various products;
- the Italian delegation on the attached text, particularly on paragraph 3.2.

4. As regards the financial consequences of all the points worked out by the Council, the Commission proposed to submit a document containing figures as soon as possible.

602.002 PM

⁽¹⁾ See also 5802/84 for the position of the Irish delegation.

WORKING DOCUMENT FROM THE AGRICULTURE COUNCIL

Subject: Bases for agreement by the Council on the Commission proposals and communications concerning the adjustment of the common agricultural policy, prices and related measures

The Council approved the guidelines contained in COM 500 regarding the fixing of guarantee thresholds. It emphasized the advisability of introducing these instruments into the organization of the markets in products in surplus or those on which expenditure was likely to increase rapidly.

Text - see Annex 1
2 from 3 points

On the basis of the discussion held within the Council of Agricultural Ministers, the Presidency considers that the following points warrant assessment.

1. Price level

As compared with the prices for the 1983/1984 marketing year, the various products break down as follows:

(a) Products the price of which is reduced by 1%

Common wheat, barley, maize, olive oil, dried fodder, peas and beans, flax and hemp, table wine, beef and veal, sheepmeat and pigmeat.

For sheepmeat, no change in price has been decided upon for the 1985/1986 marketing year. Before 31 October 1984 the Commission will make proposals for the 1985/1986 prices.

(b) Products the price of which remains unchanged

Intervention price for durum wheat and rye, price of sugar and target price of milk.

(c) Products the price of which is amended:

- rice: target price: + 2,9
intervention price: + 2,5
- durum wheat: target price: + 0,6
aid: + 1,5
- cotton: guide price: + 1,5
minimum price: + 1,5
- tobacco: guide price and intervention price
between - 3 and + 2
- fruit and vegetables: basic price
between - 1 and + 2
- silkworms: aid: + 1,5

For sunflower and colza, the price is reduced by one additional point, i.e. - 1 and - 2 respectively.

2. Method of calculation of Monetary Compensatory Amounts

2.1. Non-cumulative rules

If the monetary gap (after deduction of the neutral margin) brought about by amendment of the parities is between 0 and 0,5, no MCA will be paid.

If the monetary gap (after deduction of the neutral margin) is greater than 0,5 and less than 1, the MCA will be fixed at 1 point.

2.2. The present rules relating to neutral margins will be retained.

2.3. The contraction rule for wine will be abolished. In this sector the Commission may, after consulting the Management Committee, extend the neutral margin to a maximum of 5%.

- 2.4. The Commission proposal on the amendment of the method of calculating the MCA for pigmeat will be applied as from 1 January 1985. This amendment will remain valid for as long as the new system governing MCAs applies.

However, the intervention price in the basic Regulation will not be discontinued.

- 2.5. The Council notes that the Commission intends to review the method of calculating MCAs on sugar.

3. The following amendments are made to the Commission proposals and communications (COM(83) 500 final, implementing regulations and measures related to the price proposals);

3.1. Cereals

The target prices are derived from the intervention prices actually fixed by the Council for the marketing year in question.

The carry-over payments at the end of the marketing year will be calculated in accordance with the usual procedure, but:

- 5,5 monthly increases will be taken into account for wheat and rye,
- 4 increases will be taken into account for maize.

The Council notes that the Commission intends to implement intervention measures on common wheat of minimum breadmaking quality in the first three months of the 1984/1985 marketing year.

Starch products: the arrangements currently applied will be renewed. The Commission will propose, with a view to their application during the following marketing year, new arrangements for aid for starch products.

Cellulose content of barley: technical study by a Commission Working Party, and Commission report for the 1985/1986 marketing year.

The brief which the Commission has requested from the Council on the stabilization of imports of cereal substitutes will be adopted in the manner envisaged by the General Affairs Council.

Durum wheat: a guarantee threshold of 4 600 000 tonnes will be introduced in accordance with COM 500, but the intervention arrangements will not be amended.

2. Olive oil

The Council agrees to take a decision by 31 May 1984 on the proposals for Regulations improving supervision.

3.3. Seed oil

Problem of colza OO: technical study by a Commission Working Party and proposal for the 1985/1986 marketing year.

3.4. Protein products

Aid for peas and field beans for human consumption will be maintained.

The system of aid for protein products will be extended to lupins (threshold price 47,82 ECU/100 kg on the basis of the present threshold price for peas).

Soya: the present aid arrangements will be maintained. For one marketing year, producer Member States will have the option between the present system (aid granted to the first purchaser) and the system proposed by the Commission (aid to oil mills); before the expiry of this deadline the Commission will submit to the Council a report on the application of the arrangements, together with any appropriate proposals.

3.5. Wine

(a) Structural measures

New plantings of table-grape vines and wine-grape vines, including those intended for the production of quality wines p.s.r., will be prohibited until the beginning of the 1990/1991 wine year, excepting individual derogations granted under Commission supervision.

Structural measures to improve and reduce vine-growing will be continued.

(b) Oenological processes and quality policy

The provision proposed by the Commission will be examined at a later date with a view to a range of measures aimed at gearing production to quality and restricting vine planting in areas unsuited to quality production.

(c) Intervention arrangements

The words "totally or partly" will be deleted from the draft amendment to Article 15 of Regulation No 337/79.

The trigger price will be set at 92% of the guide price for all types of wine.

- (d) Regulation (EEC) No 337/79 should be completed by a specific article based on the following text:

"In order to prevent, at the time of distillation, any undue advantage for wines part of whose alcohol has been obtained at low prices by means of chaptalization or enrichment with must for which aid has been granted, the price of the distilled product will be reduced in proportion to the advantage enjoyed by such wine."

3.6. Processed fruit and vegetables

(a) Tomatoes

1. Guarantee thresholds

A guarantee threshold of 4 600 000 tonnes (raw material) will be fixed for all processed tomato products. Where the threshold is exceeded, aid will be reduced for the following marketing year in proportion to the amount by which the threshold has been exceeded.

The excess amount will be calculated on the basis of the average of the quantities produced during the previous three marketing years (i.e., for the 1984/1985 the average of the 1981/1982, 1982/1983 and 1983/1984 marketing years).

2. Calculating the aid

- A. The aid will be calculated on the basis of the raw material.

The basis for the aid payment will be the net finished product (excluding can).

Raw material is translated into net finished product by means of standard coefficients (e.g. 6 kg of tomatoes for 1 kg of concentrate).

Where the price of products imported from third countries cannot be considered representative (insufficient volume imported), a fixed price will be substituted, determined in the manner envisaged by the Commission.

- B. Small packages: the scale of subsidies for concentrates in small packages will be gradually abolished over three marketing years in three equal stages.

(b) Dried grapes

The following amendments will be made to the present arrangements:

- there will be a ban on new plantations;
- the minimum price paid to producers will be maintained at its present level for 1984/1985;
- a guarantee threshold is introduced for currants (70 000 t) and sultanas (85 000 t). For quantities in excess of these amounts the buying-in prices will be 50% lower than the minimum price to be paid to the producer, up to a maximum of half the guarantee thresholds thus fixed;

- intervention measures will in any event be ruled out during the first ten months of the marketing year;
- quality standards will be raised.

The Commission is asked to exercise the greatest vigilance in fixing and applying storage costs for dried grapes.

Before 31 December 1987 the Commission will submit a report on the operation of these arrangements, accompanied by proposals for any amendments.

Structural measures

Irrigation and advisory programmes in Greece will continue in 1985 with priority financing from the EAGGF.

(c) Other processed fruit

To take account of the price situation on the world market, aid will be reduced as follows:

- pears in syrup: - 5%
- peaches in syrup: - 18%
- cherries in syrup: - 60%

(This proposal maintains the budget saving envisaged by discontinuing aid for cherries).

3.7. Cotton

The guarantee threshold is set at 470 000 tonnes.

3.8. Beef

1. The guide price and the intervention price for all beef will continue to be fixed for a further 3 years on a live-weight basis.
2. The Council agrees to the immediate introduction of the carcass classification scale for the fixing of buying-in prices, on an experimental basis for 3 years. The Commission will report to the Council on the application of the scale for intervention before the end of the 1984/1985 marketing year.
3. The Commission will establish the buying-in prices on the basis of:

350 ECU/100 kg for bulls R 3
335 ECU/100 kg for steers R 3.
4. There will be three equal stages in the transitional period for moving from the present buying-in price in each Member State to the uniform buying-in price.

The Council notes that the Commission intends, when introducing the scale, to apply the same intervention arrangements in Ireland and in Northern Ireland.

5. The Commission will accept the purchase of U 2 quality carcasses for bulls and steers into intervention for the duration of the transitional period.

5.9. Sheepmeat

1. The starting date of the marketing year for sheepmeat continues to be the first Monday in April.
2. The proposed seasonalization of the basic price is modified to take account of the technical discussions held in the Council.
3. France continues to be regarded as a separate region.
4. The proposed ceiling on the variable premium, and the associated limit on the claw-back, are left aside for the time being, pending the outcome of the negotiations on the establishment of a minimum import price.
5. The Council takes note of the Commission's intention of continuing not to apply the claw-back in respect of the variable premium to products exported from the Community.

Levi
+ duties

2,500

VAT

2.5
