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FRAME GENERAL/FRAME AGRICULTURE

DESKY 190800Z
FROM UKREP BRUSSELS 1717135Z MAR 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 1004 OF 17 MARCH

INFO COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN LUXEMBOURG

ATHENS WASHINGTON

INFO SAVING LISBON MADRID

MY TELNO 1002

COUNCIL OF MINISTERS (AGRICULTURE): 16/17 MARCH 1984

AGRICULTURAL PRICE FIXING: CONCLUDING STAGES

SUMMARY

1. THE COUNCIL FAILED TO REACH DEFINITIVE AGREEMENT ON THE VARIOUS ASPECTS OF THE 1984 PRICES PACKAGE AND REFORM OF THE CAP. NO FURTHER DISCUSSION ON MILK AND MCA DISMANTLEMENT. DEBATE CENTRED ON OTHER PRODUCTS. A REPORT (MUFAXED TO FCO THIS AFTERNOON) WILL BE MADE TO THE SUMMIT INDICATING THE PROGRESS MADE ON ALL ASPECTS OF THIS WEEK'S WORK AND THE OUTSTANDING RESERVES.

2. THE UK, IN ADDITION TO THE RESERVES ALREADY ENTERED ON MILK AND MCAS, RESERVED ON THE POTENTIAL COST OF THE 'OTHER PRODUCTS' PACKAGE, ON THE NON CONTINUANCE OF THE BEEF VARIABLE PREMIUM SCHEME AND THE CALCULATION OF THE SHEEPMEAT PREMIUM.

3. IT IS HOPED THAT SUFFICIENT PROGRESS WILL BE MADE AT THE SUMMIT IN RESOLVING THE OUTSTANDING AGRICULTURAL PROBLEMS TO ENABLE THE AGRICULTURE COUNCIL TO WRAP UP THE FINAL DETAILS AT ITS NEXT MEETING ON 26/27 MARCH.

DETAIL

4. AFTER A PROLONGED BREAK OVER THE DINNER INTERVAL, A REVISED 'NON-PAPER' WAS TABLED AT 1.30 AM FOLLOWING DISCUSSION BETWEEN THE COMMISSION AND THE PRESIDENCY (COPY BY MUFAX ON MONDAY MORNING). IT WAS MODELLED ON THE NON-PAPER TABLED AT THE SESSION OF THE COUNCIL EARLIER THIS WEEK.

5. THE COUNCIL DISCUSSED THIS WITHOUT A BREAK, AND IN EXTREMELY RESTRICTED SESSION (MINISTERS PLUS ONE), UNTIL 11.30AM, WHEN THE CHAIR (ROCARD) CONCLUDED THAT NO FURTHER PROGRESS WAS POSSIBLE BEFORE THE SUMMIT.

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6. AS A RESULT OF THE WORK OVER THE WEEK AS A WHOLE, THERE WILL BE A PROGRESS REPORT FROM THE AGRICULTURE COUNCIL TO THE SUMMIT BASED ON THREE DOCUMENTS:

- MILK (MY TELNO 933 - TEXT OF 5802/84)
- MCAS (MY TELNO 932 - TEXT OF 5803/84)
- OTHER PRODUCTS (TEXT OF 5847 MUFAXED TO FCO THIS AFTERNOON)

7. THE TEXT ON OTHER PRODUCTS INCLUDES (INTER ALIA) A PARAGRAPH ON THE INTRODUCTION OF GUARANTEE THRESHOLDS FOR PRODUCTS IN SURPLUS OR WHERE COSTS ARE RISING RAPIDLY. OTHER NEW FEATURES OF THE DRAFT PACKAGE ARE PRICE REDUCTIONS OF 1 PER CENT FOR VARIOUS COMMODITIES, A 0 PER CENT CHANGE FOR SUGAR, DURUM, RYE AND MILK, AND CHANGES BETWEEN MINUS 3 PER CENT AND PLUS 2.9 PER CENT FOR MEDITERRANEAN PRODUCTS. SOME CHANGES TO THE METHODS OF CALCULATION OF MCAS, NOTABLY FOR PIGMEAT. ADOPTION OF THE CEREALS SUBSTITUTES MANDATE IN THE MANNER ENVISAGED BY THE GENERAL AFFAIRS COUNCIL. GUARANTEE THRESHOLDS FOR DURUM, COTTON, DRIED GRAPES AND SULTANAS. INTRODUCTION OF BEEF GRID WITH CERTAIN SAFEGUARDS. SOME OF COMMISSION PROPOSALS ON SHEEPMEAT DEFERRED. (THE TEXT APPEARS TO OMIT AN AGREED WORDING ON MANAGEMENT OF PIGMEAT MARKET AND TO HAVE THE WRONG CURRANTS GUARANTEE THRESHOLD QUANTITY.)

8. ALL THESE DOCUMENTS ARE STILL SUBJECT TO A VARIETY OF RESERVES. THOSE ON MILK AND MCAS ARE AS IN MY TELNO 918. ON OTHER PRODUCTS, THERE IS A GENERAL RESERVE FROM ALL DELEGATIONS SUBJECT TO A SATISFACTORY PACKAGE. IN ADDITION:

- THE UK HAS SPECIFIC RESERVES ON THE POSSIBLE FINANCIAL COSTS, THE ABSENCE OF A PROPOSAL TO EXTEND THE BEEF VARIABLE PREMIUM SCHEME AND THE CALCULATION OF THE SHEEPMEAT PREMIUM.
- IRELAND WARNED THAT IF WE PRESSED THE VARIABLE PREMIUM AT THE SUMMIT THEY WOULD DEMAND EXTENSION OF THE CALF PREMIUM.
- ITALY HAS A RESERVE ON OLIVE OIL.
- GREECE HAS A RESERVE ON THE WHOLE PAPER AS STILL BEING IMBALANCED.

9. THE COSTINGS OF THE NEW PAPER, AS NOW AMENDED, ARE STILL SOMEWHAT CONFUSED GIVEN THE PRESSURES ON THE COUNCIL AND ITS METHODS OF WORK. BUT A ROUGH ESTIMATE BY THE COMMISSION (VILLAIN) INDICATED THAT THE REVISED PACKAGE ON OTHER PRODUCTS WOULD NOW COST 72 MECU LESS IN 1984 THAN THE COMMISSION'S ORIGINAL PROPOSALS AND 224 MECU LESS IN 1985. (THE NETHERLANDS SOUGHT A COMMISSION DECLARATION THAT THE COST OF THE BEEF REGIME IN PARTICULAR WOULD NOT EXCEED THE 1984 BUDGET PROVISION). ON THIS BASIS, COMMISSIONER DALSAGER WAS PREPARED TO RECOMMEND THE PACKAGE TO HIS COLLEAGUES. A DOCUMENT IS EXPECTED FROM THE COMMISSION SETTING OUT THE FINANCIAL IMPLICATIONS OF THE PACKAGE.

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10. THE COUNCIL DECIDED TO MAINTAIN THE PLANNED DATES FOR ITS NEXT MEETING OF 26/27 MARCH - RÔCARD HAS DIFFICULTIES IN ATTENDING ON 26 MARCH AND TRIED TO SHIFT THE COUNCIL TO THE PREVIOUS WEEKEND. SOUCHON WILL TAKE THE CHAIR FOR THE FIRST DAY. IN THE LIGHT OF INSTRUCTIONS RECEIVED FROM THE SUMMIT, IT WILL TRY TO CONCLUDE ITS WORK ON THIS YEAR'S PRICE FIXING AND REFORM OF THE CAP.

FCO ADVANCE TO: ADVANCED AS REQUESTED
FCO - TICKELL HANNAY WALL CARY
CAB - WILLIAMSON DURIE
MAFF - PS/MINISTER PS/MOS FRANKLIN ANDREWS ATTRIDGE PACKER
 HADLEY ARCHER DIXON MYERS DICKINSON
TSY - BOSTOCK FITCHEW UNWIN
NO.10 - COLES

RESIDENT CLERK (FCO): PLEASE NOTIFY SIR M FRANKLIN (MAFF) WALL (FCO) WILLIAMSON (CABINET OFFICE AND BOSTOCK (TREASURY) OF CONTENT OF THIS TELEGRAM AND OF MUFAX OF DOC 5847/84.

FCO PASS SAVING LISBON MADRID ✓ ✓

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