

PRESS RELEASE

5595/82 (Presse 30)

758th meeting of the Council  
- Agriculture -  
Brussels, 15, 16 and 17 March 1982

President: Mr Paul de KEERSMAEKER,  
State Secretary for European Affairs  
and Agriculture  
of the Kingdom of Belgium



The Government of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Paul de KEERSMAEKER  
State Secretary for  
European Affairs and Agriculture

Denmark:

Mr Bjoern WESTH  
Minister for Agriculture

Germany:

Mr Josef ERTL  
Federal Minister for Food,  
Agriculture and Forestry

Greece:

Mr Costas SIMITIS  
Minister for Agriculture

Mr Hans-Jürgen ROHR  
State Secretary,  
Federal Ministry of Food,  
Agriculture and Forestry

France:

Mrs Edith CRESSON  
Minister for Agriculture

Ireland:

Mr Brian LENIHAN  
Minister for Agriculture

Mr André CELLARD  
State Secretary,  
Ministry of Agriculture

Italy:

Mr Giuseppe BARTOLOMEI  
Minister for Agriculture

Luxembourg:

Mr Camille NEY  
Minister for Agriculture,  
Viticulture, Lakes, Rivers and  
Forests

Netherlands:

Mr Jan de KONING  
Minister for Agriculture

United Kingdom:

Mr Peter WALKER  
Minister for Agriculture,  
Fisheries and Food

Mr Alick BUCHANAN-SMITH  
Minister of State,  
Ministry of Agriculture,  
Fisheries and Food

For the Commission:

Mr Poul DALSGER  
Member

FIXING OF PRICES FOR CERTAIN AGRICULTURAL PRODUCTS AND RELATED MEASURES

The Council resumed its discussions on the agricultural prices for 1982/1983. It began with a detailed examination of specific matters relating to milk products, beef and veal, sheepmeat and pigmeat, cereals and rice, fresh and processed fruit and vegetables, oils and fats, wine, sugar, tobacco and cotton.

Regarding milk products, the Council had in particular a detailed exchange of views on the rate of the co-responsibility levy to be applied in this sector and on the special measures to be envisaged in the case of small producers. It also considered the level of the guarantee threshold to be set for these products for 1982.

With reference to fruit and vegetables, olive oil and wine, a number of delegations drew the Council's attention to the link which existed between the fixing of prices for these products and further examination of the issue of "acquis communautaire".

On the basis of a report from the Commission, the Council also examined problems arising as a result of the inflation rates in the various Member States.

Several delegations stressed the importance they attached to the gradual abolition of monetary compensatory amounts. The Council will return to this important question during the general debate on the fixing of agricultural prices.

The Council also held a detailed examination of the financial implications of the Commission's proposals.

Concluding its discussions, the Council emphasized its desire to reach a decision at its meeting beginning on 31 March. To this end it instructed the Special Committee on Agriculture to continue its discussions on all matters relating to the prices issue with the aim of establishing all the factors which would make it possible to expedite discussions and to reach a decision at its next meeting.

ADJUSTMENT OF THE "ACQUIS COMMUNAUTAIRE" FOR MEDITERRANEAN PRODUCTS

As agreed at its last meeting, the Council resumed its discussions on the adjustment of the "acquis communautaire" for Mediterranean products, and in particular wine, fruit and vegetables, citrus fruits and olive oil.

After noting that it was as yet unable to reach agreement, the Council invited the Special Committee on Agriculture to make, with all due speed, a further study of all the questions raised by the relevant proposals and communications and to report back for its next meeting on agriculture.

NATURAL GAS PRICES IN THE HOTHOUSE SECTOR IN THE NETHERLANDS

The Council heard a statement by the Commissioner, Mr DAISAGER, on the price of natural gas in the hothouse sector in the Netherlands. The Council noted that the Commission would adopt a position on this matter during the following week.

GENERAL RULES FOR OPERATIONS FOR THE DISTILLATION OF TABLE WINES

The Council examined a proposal from the Commission for an exceptional operation for the distillation of table wines taking account of current market conditions and the considerable differences in the price, in particular, of red wines on the markets of the two largest producer Member States.

The Council agreed to the principle of such an operation, which would cover the maximum volumes to be distilled, both for red wines (5 mio hl) and for white wines (1.5 mio hl). It stressed the urgent need for a final decision in the very near future, after a study of the effects of this operation on the alcohol market.

EXTENSION OF SOCIO-STRUCTURAL DIRECTIVES

The Council examined a proposal to extend until 31 December 1983 the period for carrying out the joint measures referred to in the three socio-structural Directives of 1972 <sup>(1)</sup>. In conclusion, it decided to return to the matter at its next meeting.

INTEREST RATE SUBSIDY

The Council resumed its examination of the two proposals:

- on the level of the interest rate subsidy provided for by Directive 72/159/EEC on the modernization of farms;
- amending Decision 76/402/EEC relating to Directive 72/159/EEC (to be applied in Italy).

After its discussion, the Council agreed to return to these proposals at its next meeting.

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<sup>(1)</sup> Directives 72/159/EEC  
72/160/EEC  
72/161/EEC

COMMUNITY MEASURE FOR THE ERADICATION OF BRUCELLOSIS, TUBERCULOSIS  
AND LEUCOSIS IN CATTLE

The Council continued its examination of the financial implications of the proposal for a Council Directive amending Directive 77/391/EEC and under which the programmes for eradicating brucellosis, tuberculosis and leucosis in cattle would be continued without a break for a further period of two years (three years for Greece).

At the close of its discussion, the Council invited the Permanent Representatives Committee to clarify the budgetary aspects of the proposal and agreed to return to the subject at its next meeting.



MISCELLANEOUS DECISIONS

Other agricultural decisions

The Council adopted in the Communities' official languages  
Regulations:

- amending Regulation (EEC) No 1785/81 on the common organization of the market in sugar;
- derogating from Regulation (EEC) No 456/80 in respect of the date when applicants for an abandonment premium must have carried out grubbing of vines;
- fixing the maximum percentage of the aid for bee-keeping which may be used for purchase of feeding sugar for the 1982/1983 marketing year.

Textiles

The Council formally adopted the decisions arrived at by the  
Textiles Council on 25 February, viz.:

- the adoption of the Protocol extending the Multifibre Arrangement;
- the directives for the Commission to open bilateral negotiations with supplier countries and in particular the global import ceiling figures;
- the Regulation on economic outward processing traffic.

### Commercial policy and Customs Union

The Council adopted in the Communities' official languages the Decision authorizing extension or tacit renewal of certain trade agreements concluded between the Member States and third countries.

The Council also adopted in the Communities' official languages the Regulation amending Regulation No 1798/75 on the importation free of Common Customs Tariff duties of educational, scientific and cultural materials.

### Research

The Council adopted in the Communities' official languages the Decision on the conclusion of the Agreement between the European Economic Community and Switzerland on a concerted action project in the field of the detection of the tendency to thrombosis.

### Social policy

The Council adopted in the Communities' official languages the Regulation establishing, in the relations between the Italian institutions and the institutions of the other Member States, special measures for the reimbursement of the sickness and maternity insurance benefits in kind.

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Bruxelles, le 12 mars 1982  
Note BIO(82)108 aux Bureaux Nationaux  
c.c. aux membres du groupe du Porte-Parole

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CONSEIL AGRICOLE DES 15-17 MARS 1982 (M. Vasey)  
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Le Conseil se reunira a partir de ce lundi 15 mars a 15H pour une reunion qui pourrait durer jusqu'a mercredi 17 mars. L'objet principal de la reunion est d'entamer la negociation sur les prix agricoles pour 1982/83 qui devrait aboutir lors de la prochaine reunion du Conseil agricole prevue pour le 31 mars - 2 avril.

En marge de la reunion du Conseil, M. Dalsager procede a des contacts bilateraux avec differents ministres. Il s'est rendu ce jeudi a Athenes ou il a rencontre M. Simitis; il se rend ce vendredi et samedi en Italie ou il rencontrera M. Bartolomei a la Foire de Verone. Lundi, il dejeunerera avec M. Lenihan, le nouveau ministre irlandais, mardi avec M. Ertl et mercredi avec M. De Koning. Enfin, le jeudi 18 il se rendra a Paris pour des conversations avec Mme Cresson, le vendredi 19 a Copenhague ou il s'entretiendra avec M Westh et le lundi 22 a Londres pour rencontrer M. Walker.

L'ordre du jour du Conseil agricole des 15-17 mars se presente comme suit :

1. PRIX AGRICOLES 1982/83 ET MESURES CONNEXES  
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- Cereales :

un consensus de principe se degage en faveur d'un relevement moins important des prix et un renforcement des criteres de qualite, mais il subsiste des divergences concernant le seuil de garantie, les produits de substitution et le ble dur

- Sucre :

pas de difficultes

- Lait :

un compromis d'ensemble sortira du paquet final. La discussion portera notamment sur le niveau et les modalites du seuil de garantie et la taxe de coresponsabilite.

- Viande bovine :

certaines Etats membres trouvent une augmentation de 9% trop elevee, certains trop basse et certains la trouvent raisonnable. La plupart acceptent l'idee d'une augmentation en deux etapes (la Commission propose avril et decembre).

- Viandes ovine et porcine:

large accord, problemes ponctuels de portee limitee (e.g. clawback)

- Fruits et legumes : certains Etats membres souhaitent des prix plus eleves, la majorite aurait prefere des augmentations moins importantes. L'introduction d'un seuil de garantie pour les tomates transformees risque de soulever le plus de difficultes.

- Vin :

l'aspect le plus important concerne la modification de l'acquis communautaire.

- Tabac et coton :

les propositions de la Commission rencontrent l'accord general de toutes les delegations sauf l'Italie et la Grece, principaux producteurs.

## 2. MODIFICATION DE L'ACQUIS COMMUNAUTAIRE

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La discussion serait limitee a quelques problemes essentiels:

- vin : la distillation preventive obligatoire et la taxe sur l'utilisation du saccharose
- fruits et legumes : renforcement des disciplines des groupements de producteurs
- huile d'olive : etablisement d'un rapport de prix

## 3. PRIX DU GAZ NATUREL POUR L'HORTICULTURE SOUS SERRE AUX PAYS-BAS

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La Commission rendra compte des resultats des contacts avec les pays interesses en vue de trouver un compromis politique

## 4. DISTILLATION EXCEPTIONNELLE DES VINS

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La Commission vient de proposer une distillation exceptionnelle au prix de 2-5 ECU's o/HL pour 7 millions de HL pour degager le marche, notamment en Italie. Le Conseil doit se prononcer sur le prix, les quantites et les modalites financieres

## 5. STRUCTURES AGRICOLES

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Il s'agit de reporter a la fin 1983 les delais pour la realisation des actions communes prevues dans le cadre des directives 159, 160 et 161 de 1972, en attendant la modification de ces directives.

## 6. BONIFICATION DES TAUX D'INTERETS (p.m.)

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## 7. (eventuel.) PROLONGEMENT DU PROGRAMME D'ERADICATION DE LA BRUCELLOSE ET DE LA TUBERCULOSE (p.m.)

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A Suivre

Amities

M. SANTARELLI - COMEUR 16h00 ////

Bruxelles, le 16 mars 1982.

Note BIO (82) 108 (suite 1) aux Bureaux Nationaux  
cc. aux Membres du Groupe du Porte-Parole

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AGRICULTURAL COUNCIL OF 15-16 MARCH 1982 (Vasey)  
PRICES AND RELATED MEASURES FOR 1982/83

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The Council decided to examine the Commission's proposals sector by sector in order to identify the essential elements to be covered by the final package.

In summing up the debate, Mr. Dalsager made the following points :

Milk :

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Despite the known problems in this sector, the Commission has thought it right to propose a normal price increase for milk. This has only been possible for two reasons.

- First, because we are presenting to the Council a package of measures in the milk sector. These include the continuation of the co-responsibility levy at 2.5% with exemption for farmers in mountain areas, Greece and Southern Italy, special measures (the 120 MECU) to benefit smaller producers in the form of a lower levy (1.5%) for the first 60.000 kg, and the guarantee threshold (1981 deliveries + 0.5%) with appropriate measures if that is exceeded, (the Commission envisages a reduction in the intervention price though it is not asking the Council to endorse its position on that point). If Ministers were to seek to remove the more difficult elements of this package and retain those which are most favourable for milk production, we should clearly have real problems in arriving at a satisfactory settlement.

- Secondly, we have been able to propose a full price increase for milk because the Commission has reduced so substantially the cost of disposal of our milk surplus. If the cost of our export refunds and other disposal measures today were as high as two or three years ago, we should already be in a major financing crisis for the Common Agricultural Policy. This has, however, been avoided and clearly the Commission wishes in this price package to build on what we have gained.

Beef :

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I am satisfied that the Commission's proposal for a 9% price increase is pitched at the right level. Some member States consider it is too low, some too high and some about right. Most member States can accept the Commission's proposal to make the price increase in two stages in order to avoid any fall in consumption. The Commission remains convinced it would be a mistake to make the second increase before December.

At this stage, I do not see any reason to change the Commission's proposal to maintain the various existing premiums unchanged, pending the drawing up of a single system of direct income aids in this sector.

(In other words the Commission is against any increase in the calf premium for Italy or its extension to Ireland, or increased FEOGA financing for the UK variable premium).

Sheepmeat  
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I do not see any grounds at present for adjusting the Commission's proposal for a 9 % increase. Some member states favour a higher increase, some a lower and others can accept what is proposed. The Commission has proposed to extend for one year the non-application of the drawback of the variable slaughter premium for exports to third countries, but without prejudging the situation beyond that date. I note there is almost complete agreement on the proposal to create a separate zone for Northern Ireland in order to avoid certain abuses.

Pigmeat  
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Without prejudging the level of prices on which the Council might decide in a final package, I think there is a wide measure of support for the Commission's proposal on the pigmeat price.

Amities,  
Manuel SANTARELLI. Comeur ~~10h~~ 30/////

Bruxelles, le 16 mars 1982.

Note BIO(82)108 (suite 2) aux Bureaux Nationaux  
cc. aux Membres du Groupe du Porte-Parole

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AGRICULTURE COUNCIL OF 15/16 MARCH 1982  
PRICES AND RELATED MEASURES FOR 1982/83 (M. Vasey)  
Summary of Mr. Dalsager's remarks on the price proposals.  
(continued)

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#### Cereals

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The Commission has proposed that prices in this sector should not be increased as substantially as for animal products, which will make both our cereals and our animal production more competitive. Furthermore we intend to continue our policy of encouraging higher quality production. The danger is not that we give too much support to high quality cereals but that we may be giving too much support to low quality cereals. This in turn inhibits the use of Community cereals in animal feed. It is my conviction that this general approach is strongly supported by member States.

I appeal to the Council to take a positive attitude to the introduction of a guarantee threshold of 119.5 million tons for cereals (other than durum wheat), with the adjustment of the support price in the following year if the threshold is exceeded. We should not wish the Council to go back on its decision of last year on coresponsibility for cereals. It is essential that we should demonstrate to public opinion in the Community that the Common Agricultural Policy is capable of some adaptation in response to the changes in circumstances and, in particular, to the new situation created by our growth in exports and our greater exposure to world market prices.

As regards the very important question of imports of cereals in processed forms such as brans and of cereals substitutes, the Commission will do all it can to arrive at a reasonable compromise which will permit the cereals package as a whole to be adopted by this Council.

As regards durum wheat, this is the only grain to benefit from direct income support and it is quite normal that this should be confined to the first 10 hectares in order to benefit small producers. This limitation would not affect any producers in Greece and 92 % of all producers in Italy. It should also be recalled that durum wheat accounts for 3 % of Community cereals production but 12 % of FEOGA expenditure on cereals.

#### Fruit and vegetables

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The Commission has proposed an above average price increase for most fresh fruit and vegetables except mandarines and tomatoes. In general four member states would like to see slightly higher increases while six would prefer less. As regards the penetration premiums for lemons and clementines, the Commission has explained that it expected to phase out these premiums when it presented its proposals for increased structural aid to this sector. It should also be emphasized that the reference prices will be increased accordingly.

I know that certain delegations are opposed to the introduction of a guarantee threshold for concentrated tomatoes and canned peeled tomatoes. The Commission does feel, however, that the risks in this sector are considerable and that we need to ensure that, following the very large production increase of recent years, we do not run into serious difficulties in the future. The level proposed for the guarantee threshold is high, representing a consolidation of the large increase in production in recent years which has benefitted producers in the Southern part of the Community. I would remind the Council that the basic regulation (Reg. (EEC) no. 516/77) has always included the possibility of some limits on the quantity of the production eligible for aid. Indeed those of us who were present when this scheme was introduced know that it was a fundamental part of the original agreement at political level.

Finally I cannot accept that the Community has neglected the interests of Mediterranean agriculture, witness the doubling of FEOGA expenditure on fruit and vegetables in recent years.

#### Vegetables oils

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The Commission's proposal on olive oil is a straightforward increase of 9 % in the prices and in the production aid. It is important, however, that the effect of this should be properly interpreted. The increase at producer level, as a result of the changes in prices and aids, will be about 20 % in Greece; and in Italy, by comparison with our decisions in the price package last year, the potential increase as a result of possible changes in the green lira is over 5 % on the proposed increase in ECU (9 %).

I think that the majority of delegations can follow the Commission in its argument that for colza we need to maintain a certain balance with the decisions on the cereals. It is for this reason that we have proposed the level of price increase (7 %) and the associated measures. I remain of the view that it is reasonable to put a higher increase on sunflower, a product which is being imported in substantial quantities and which is produced for the most part in the Southern areas of the Community.

N.B. The Council decided to meet in restricted session at 15h00 to discuss how to prepare the final stage of the prices negotiation. Following a brief discussion on the proposed special wine distillation, a working party was set up to try and resolve the remaining difficulties (price of the wine distilled, disposal of the alcohol produced, financial arrangements) so that a decision can be taken.

Amities,  
Manuel SANTARELLI // Comeur 15h30////



bruxelles, le 17 mars 1982

Note BIO(82) 108(suite 3) aux Bureaux Nationaux  
cc. aux Membres du Groupe du Porte-Parole

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AGRICULTURE COUNCIL OF 15/16 MARCH 1982  
AGRICULTURAL PRICES FOR 1982/83  
SUMMING UP BY MR DALSGER (contd.) (M. Vasey)  
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#### Inflation

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The report on differential rates of inflation transmitted to the Council last week following the request of the European Council at its London meeting, shows that higher than average rates of inflation have not necessarily been accompanied by low or declining farm incomes. For example Italy has had one of the highest rates of inflation but the growth of farm incomes has been relatively favourable in real terms by comparison to other Member States, whereas Germany has had the lowest rate of inflation combined with the least favourable development of incomes. The study shows that productivity growth and seasonal and market factors also affect the development of incomes. The Commission concludes that the long-term priority is a better coordination of economic policy so as to reduce the divergence between Member States inflation rates but it admits that there may be difficulties in the short-term for Member States with relatively high rates of inflation seeking to maintain a stable exchange rate and so unable to obtain an additional increase in agricultural prices in national money through a green rate devaluation.

#### Budgetary implications

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The impact of the Commission's price proposals on the 1982 budget has been estimated at 460 million ECUs. These are more than covered by the expected economies on the 1982 budget in the dairy, cereals and sheepmeat sectors. The growth of expenditure in a full year will amount to 745 million ECUs assuming that world prices rise as fast as Community prices which is a realistic assumption on the basis of past experience, or 1.5 billion ECUs if one assumes constant prices. On a pluriannual basis, the growth of agricultural expenditure from 1979 to 1983 should be less than the growth of the Community's own resources.

## Summary of the debate

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The Agricultural Council will begin its special meeting to adopt the farm prices for 1982/83 on the morning of Wednesday 31 March. It is clear from the positions taken by the different delegations that there will be six main issues :

1. The general level of prices in liaison with the various MCM adjustments (any increase is likely to be modulated according to the products).
2. The guaranteed threshold for grains in liaison with the subsidisation of imports of substitute products.
3. The co-responsibility levy for milk (including the proposed modulations).
4. The Mediterranean products for which the producer countries, particularly Italy and Greece, want considerably higher prices and resist any measures to limit the Community's financial liability (durum wheat, processed fruit and vegetables, olive oil, tobacco).
5. The link between the prices package and the modification of the basic regulations (acquis communautaire) in the wine and fruit and vegetables sector.
6. Possible additional measures for the countries with higher rates of inflation such as Ireland, Greece and Italy.  
(to be continued).

Amities

Manuel Santarelli COMEUR 10.50

Bruxelles, le 17 mars 1982

NOTE BTO (82) 108 (suite 4 et fin) AUX BUREAUX NATIONAUX  
CC AUX MEMBRES DU GROUPE

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1. Acquis communautaire

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- Fruits et legumes

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Les delegations francaise et italienne ont souligne la necessite de mettre fin a la "discrimination" dont souffre ce secteur, en assurant aux producteurs des garanties equivalentes a celles dont beneficent les autres producteurs communautaires. Certaines autres delegations (RFA, RU, PB notamment) sont rețicents a l'idee d'etendre et de renforcer les mecanismes d'intervention, ce qui risque selon elles d'augmenter les retraits et la destruction des fruits, tres difficile a justifier devant l'opinion publique. Elles estiment qu'il n'est pas necessaire de lier une decision a ce sujet aux prix, opinion qui n'est pas partagee par la delegation francaise.

- Vins

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La delegation francaise a insiste une nouvelle fois pour que le nouveau reglement soit adopte en meme temps que les prix agricoles, etant entendu qu'il doit comporter l'introduction d'une distillation preventive obligatoire a des prix moderes et destinee a penaliser les hauts rendements. La delegation italienne ne partage pas jusqu'a present cette maniere de voir, ni en ce qui concerne le lien avec les prix, ni sur le fond.

Ces deux dossiers ont ete renvoyes au CSA ainsi que le dossier huile d'olive, qui n'a pas fait l'objet de discussion.

2. Distillation agricole

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Neuf delegations ont pu marquer leur accord pour ouvrir une distillation exceptionnelle pour un volume de 6,5% millions d'hectolitres (dont 5 millions de vins rouges) a un prix qui serait fixe a titre de compromis a un niveau legerement inferieur au taux de 83 % du prix d'orientation que la Commission avait propose. La delegation britannique a refuse de donner son accord sous pretexte qu'il faudrait d'abord examiner les consequences possibles de l'elargissement de l'intervention aux eaux de vie pour le marche de l'alcool industriel ainsi que les mesures necessaires pour y remedier. D'autres delegations partagent les soucis de la delegation britannique sans aller jusqu'a bloquer la decision, dont l'urgence et l'importance politique ont ete soulignees par la Commission et les delegations principalement interessees. Un groupe de travail va essayer de trouver une solution en vue de permettre une decision rapide mais il parait que le RU entend lier son accord au paquet prix.

3. Extension des directives structurelles no. 159, 160 et 161 de 1972

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La delegation allemande a refuse de lever sa reserve sur la proposition de la Commission de proroger ces trois directives, qui viennent a echeance le 19 avril 1982, jusqu'au 31 decembre 1983, etant entendu qu'elle ne sera en mesure de prendre position a ce sujet que lors de la fixation des prix.

4. Bonification des taux d'interet dans le cadre de la directive 159 sur la modernisation

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En l'absence de progres sur la prorogation des directives structurelles, aucun effort n'a ete fait pour parvenir a un accord sur l'adaptation de la bonification des taux d'interet. Le Conseil n'a pas pu, non plus, accepter la prorogation de la derogation en faveur de l'Italie, expiree fin 1981, en raison de l'opposition belge.

5. Poursuite des programmes d'eradication des maladies des bovins

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D'accord sur le principe, le Conseil n'est toujours pas parvenu a un accord sur les modalites de financement.

Les delegations italienne et grecque ne peuvent pas accepter le financement par le FEOGA-(orientation) sans l'assurance formelle que les fonds prevus pour des actions structurelles en leur faveur ne seront pas affectes, assurance que la Commission ne peut pas donner. Il a ete convenu d'examiner la possibilite de creer une ligne budgetaire en dehors du FEOGA pour le financement de telles actions.

AMITES,

M. SANTARELLI COMEUR 16.10 ////