

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

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1610th Council meeting

- AGRICULTURE -

Luxembourg, 26 and 27 October 1992

President: Mr John GUMMER

Minister of Agriculture,
Fisheries and Food of
the United Kingdom

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

<u>Belgium:</u> Mr André BOURGEOIS	Minister for Agriculture
<u>Denmark:</u> Mr Laurits TOERNAES	Minister for Agriculture
Mr Nils BERNSTEIN	State Secretary for Agriculture
<u>Germany:</u> Mr Ignaz KIECHLE	Federal Minister for Food, Agriculture and Forestry
Mr Walter KITTEL	State Secretary, Federal Ministry of Food, Agriculture and Forestry
<u>Greece:</u> Mr Sotirios HATZIGAKIS	Minister for Agriculture
<u>Spain:</u> Mr Pedro SOLBES MIRA	Minister for Agriculture
<u>France:</u> Mr Jean-Pierre SOISSON	Minister for Agriculture
<u>Ireland:</u> Mr Joe WALSH	Minister for Agriculture and Food
<u>Italy:</u> Mr Giovanni FONTANA	Minister for Agriculture
<u>Luxembourg:</u> Mr René STEICHEN	Minister for Agriculture and Viticulture
<u>Netherlands:</u> Mr Piet BUKMAN	Minister for Agriculture, Nature Conservation and Fisheries
<u>Portugal:</u> Mr Arlindo CUNHA	Minister for Agriculture
<u>United Kingdom:</u> Mr John GUMMER	Minister for Agriculture, Fisheries and Food
Mr David CURRY	Minister of State, Ministry of Agriculture, Fisheries and Food
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<u>Commission:</u> Mr Ray MAC SHARRY	Member

BANANAS

The Council discussed the fundamental problems raised by the Commission proposal for the common organization of the market in bananas, on the basis of a report from the Special Committee on Agriculture and pending the Opinion of the European Parliament.

It should be noted that the proposed arrangements comprise an internal chapter the main feature of which is the creation of a common organization of the market, based on a system of quality standards and structural aids with a view to making Community production more competitive, and an external chapter centred on the need to observe the balance between the vested interest involved (principle of Community preference, honouring of ACP and GATT commitments and consideration of the interest of other third countries. This latter chapter includes the opening of a managed (in particular, partnership-based) import quota, the proposed third country import arrangements presupposing a GATT waiver.

The Commission also intends, before the end of October 1992, to supplement these arrangements with a proposal on the future arrangements applicable to trade with the ACP; it also plans to propose the establishment of a diversification and development fund to assist Latin American exporting countries.

The discussions enabled delegations to state their positions on the proposed Commission approach and on a number of specific points, in particular the proposed compensation in the form of production aid (principle, form and level of the aid and whether permanent or subject to phased reduction), the proposed import quota (level, method of calculation, possibility of adjustment) and the criteria governing the issue of import certificates (reference basis, allocation of the quota to the operator, partnership and related problems).

At the close of the discussions, the Chairman emphasized the need, in view of the positions adopted, for more thought to be given to the matter in order that a solution might be reached by the end of the year.

In conclusion, the Council instructed the Special Committee on Agriculture to press on with its deliberations and to report back to it with a view to further discussion of the question at the Council meeting in November.

ADJUSTMENT OF THE AGRI-MONETARY ARRANGEMENTS

Pending the Opinion of the European Parliament, the Council continued its examination of the Commission proposal to adjust the agri-monetary arrangements in the context of the completion of the single market. The removal of border controls from 1 January 1993 presupposes an end to monetary compensatory amounts.

During the discussion, and in the light of recent monetary events the delegations reviewed all issues causing difficulties, in particular the abandonment or the retention, at least temporarily, of the switch-over system, compensatory aid, the dismantling of monetary disparities and the powers of the Council and of the Commission.

At the close of the discussion, the Council instructed the Special Committee on Agriculture to continue its examination of the whole question in the light of the guidelines established today.

DROUGHT IN PORTUGAL

Pending the European Parliament's Opinion, a broad majority of Member States was forthwith in favour of the special measures proposed by the Commission for farmers affected by the exceptionally severe drought in Portugal in 1991/1992.

These measures provide for Community aid in the cereals sector (ECU 35 million) to offset loss of yield and the introduction in the livestock sector of special aid arrangements to compensate for the buying-in of additional fodder (ECU 47 million).

The Council will take a definitive decision once it has received the European Parliament's Opinion.

GATT: AGRICULTURE

- Uruguay Round - farm chapter
- Soya panel

The Council discussed the progress of the Uruguay Round negotiations; then, noting the conclusions of the European Council meeting in Birmingham, it confirmed its strong preference for an overall balanced solution covering also the question of oleaginous products and called on the Commission to do everything possible to achieve that objective.

APPLICATION OF THE MILK QUOTA SYSTEM IN ITALY

The Council noted a full report on the subject from the Special Committee on Agriculture outlining the main options for consideration. It then heard the Italian Minister setting out clarifications for measures Italy was proposing, the procedure for the adoption of which is under way.

The discussion which ensued enabled delegations to state their reactions to the facts as presented by the Special Committee on Agriculture and to the possible options. Since the legislative process and the implementation of the measures in Italy are not yet complete, the Council was unwilling to give the final thought to the matter at this stage and will return to it at its next meeting.

BEEF AND VEAL

In the absence of the European Parliament's Opinion, the Council conducted an initial discussion of the Commission proposal on the adjustment of the common organization of the market in beef and veal. This proposal is a follow-up to the undertaking entered into by the Commission at the time the CAP reform was adopted on 30 June 1992.

It concerns 3 items:

- the deseasonalization premium, which should apply to castrated male animals instead of to male animals;
- the extension of the suckler cow premium to include producers whose reference quantity is below 120,000 kg (instead of 60,000 kg), subject to the discontinuation of the 10-animal limit;
- the recognition in the new "Bundeslaender" that milk cows which have been served or inseminated by a beef breed bull should be regarded as suckler cows provided that they belong to a herd intended for the production of beef calves.

The Council discussion revealed that, while the proposal would obtain the backing of some delegations, it gave rise to political reservations on the part of others and called for a thorough technical examination regarding certain points; the Special Committee on Agriculture was asked to do this in time for the next Council meeting.

ORGANISMS HARMFUL TO PLANTS OR PLANT PRODUCTS

The Council noted a general trend in favour of a compromise text amending Annex V to Directive 77/93/EEC on protective measures against the introduction into and propagation in the Community of organisms harmful to plants or plant products.

This amendment proposal is the final item in the new plant health legislation introduced under Directive 91/683/EEC of 19 December 1991.

The Council instructed the Permanent Representatives Committee to conclude its examination of the question, due account being taken of the guidelines established, so that the Directive might be finally adopted at a later meeting.

VETERINARY CHECKS AT EXTERNAL FRONTIERS

The Council discussed the introduction of veterinary checks at external frontiers, pursuant to Directive 90/675/EEC.

The Commission confirmed that it was unable at present to determine either the nature or frequency of the checks at external frontiers applicable to products originating in third countries as from 1 January 1993. It therefore proposed extending for one year the transitional measures adopted during the summer in order to make imported products subject to documentary checks at the external frontier, physical checks being carried out either at the external frontier, or at destination, once a prior bilateral agreement had been concluded between the Member State providing the point of entry to Community territory and the Member State of destination. It would be possible to retain documentary checks during transportation without such checks jeopardizing the aims of the internal market.

This approach, which calls into question the undertakings entered into at the time of adoption of the basic Directives and transitional measures, provoked reactions from a number of delegations insofar as it undermines the parallel between the abolition of checks at internal frontiers and the introduction of effective checks on imports from third countries.

At the close of the discussion, the Commission informed the Council that as from the following week it would be submitting for a decision appropriate proposals to the Standing Veterinary Committee, meeting at Chief Veterinary Officer level.

IDENTIFICATION AND REGISTRATION OF ANIMALS

The Council resumed its examination of this question, pending the Opinion of the European Parliament.

It should be noted that the introduction of an animal identification and registration system is in response to two aims:

- checks on the movement of intra-Community trade in animals for veterinary purposes;
- supervision of the system of premiums for cattle, sheep and goats.

During the meeting, the Council concentrated especially on two points still outstanding, viz.:

- control measures to be prescribed for bovine animals which have lost their marks;
- the deadline to be set for the introduction of the new system.

Other questions were also discussed and include:

- the nature of the derogations laid down for keeping registers and a census of holders;
- the marking of imported animals;
- Community financial participation.

The Council wound up its discussion by calling on the Permanent Representatives Committee to finalize the question with a view to its adoption following receipt of the European Parliament's Opinion.

INTEGRATED ADMINISTRATION AND CONTROL SYSTEM

Pending the European Parliament's Opinion, the Council continued its examination of the Commission proposal which, in conjunction with the CAP reform, aims at establishing a common framework for the introduction in each Member State of an integrated administration and control system for certain Community aid schemes.

Two key questions were central to today's discussion:

- the date of "surface area" aid presentation,
- Community funding, as proposed.

In conclusion, the Council instructed the Special Committee on Agriculture to examine these questions thoroughly, along with other outstanding problems, so as to enable the Council to conclude matters at its next meeting.

DURUM WHEAT

The Council noted a request from the French delegation concerning certain wheat-producing regions, in the wake of the amendment of the provisions governing special aid for durum wheat.

After discussing the problems encountered by the Member States in this sector, the Commission said that it would proceed with a specific examination of the problems, which might lead to appropriate steps being proposed.

INCOMES OF SHEEPMEAT PRODUCERS

This item was added to the Council agenda at the request of the Irish delegation. Ireland is experiencing severe difficulties in the sheepmeat sector, particularly as regards producers' incomes. Minister WALSH wished to apprise the Council of the problem and to outline a possible solution.

Other delegations spoke of similar difficulties.

The Commission undertook to give further thought to the question.

OTHER DECISIONS IN THE FIELD OF AGRICULTURE

The Council adopted:

- the Decision on the conclusion of the agreement in the form of an exchange of letters between the EEC and the United States on the application of the Community third countries (Directive 72/462/EEC) and the corresponding United States regulatory requirements with regard to trade in fresh beef and veal and pigmeat:
- the Regulation concerning the arrangements applicable to the import into the Community of products from the sheepmeat and goatmeat sectors originating in Bosnia-Herzegovina, Croatia, Slovenia, Montenegro and Serbia and in the former Yugoslav Republic of Macedonia.

The purpose of the Regulation is to suspend the administration system in the 1981 Agreement between the Community and Yugoslavia on trade in the aforementioned products and to make temporary provision for the exclusive administration of the Agreement by the Community.

- the Directive amending Directive 74/63/EEC on undesirable substances and products in feedingstuffs.

This involves amending certain regulatory provisions in order to improve the safe use of feedingstuffs. It is proposed, therefore, to extend the definition of "animals" to include species living freely in the wild, so as to prevent feedingstuffs which are unfit for consumption by livestock being fed to game or other animals living freely in the wild.

- The Regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops.

The purpose of this amendment is gradually to step up the level of marketing by recognized producer groups.

- the Regulation amending Regulation (EEC) No 2390/89 laying down the general rules for the importation of wines, juices and grape musts.

This Regulation is designed to extend by six months, i.e. until 30 April 1993, the derogatory rules introducing a certain flexibility with regard to the certificates of origin and analysis bulletins to be provided by the United States, on condition that the latter provides special guarantees acceptable to the Community.

- the Regulation amending Regulation (EEC) No 1873/84 authorizing the offer or disposal for direct human consumption of certain imported wines which may have undergone oenological processes not provided for in Regulation (EEC) No 822/87.

The aim of this amendment is to extend by six months, up until 30 April 1993, the derogation granted in respect of wines originating in the United States as regards the application of certain oenological practices in the Community.

- the Regulation on the free distribution outside the Community of fruit and vegetables which have been withdrawn from the market.

This regulation enables apples withdrawn from the market to be made available during the 1992/1993 marketing year to charitable organizations approved by the Member States with a view to their distribution free to populations which are victims of the war in the former Yugoslavia.

OTHER DECISIONS

The former Yugoslavia

The Council adopted the Regulation amending Regulation (EEC) No 545/92 concerning the arrangements applicable to the import into the Community of products originating in the Republics of Bosnia-Herzegovina, Croatia and Slovenia and the Yugoslav Republic of Macedonia (procedure for determining the rules of origin).

Albania

The Council adopted:

- the Decision on the conclusion of the agreement between the EEC and the Republic of Albania on trade and commercial and economic co-operation, signed on 11 May 1992;
- the Regulation on emergency action for the supply of agricultural products to the populations of Albania.

This action, involving an amount of ECU 40 million, is intended to improve feeding conditions in Albania, taking into account the diversity of local situations. Intervention farm products or, on request, other products mobilized on the Community market will be transferred free of charge to the Albanian authorities and sold at a price which will avoid disrupting the market and provide a counterpart fund to help the most needy.

India

The Council adopted the Decision authorizing the Commission to open negotiations for a new co-operation agreement between the European Economic Community and the Republic of India (to replace the present agreement, which entered into force on 26 October 1981).

Textiles

- Decision authorizing the Commission to enter into negotiations to conclude a bilateral textile agreement with Vietnam

The Council has authorized the Commission to enter into negotiations with the Socialist Republic of Vietnam for the conclusion of a bilateral agreement on trade in textile and clothing products.

These negotiations are aimed at bringing exports of textile products from that country into a framework consistent with the Community's commercial policy for textiles. In doing so, the Community is also responding to the clear interest manifested by the Vietnamese authorities for concluding such an agreement.

Such an agreement with Vietnam, which is not a party to the GATT or the MFA, will differ in several respects from those negotiated with other suppliers of similar level. Given that this agreement is intended to replace the current restrictive autonomous arrangements governing imports of textile products from Vietnam, it will represent a significant step forward for the Vietnamese authorities. It will therefore have to make provision for a larger number of quantitative restrictions that are included in textile agreements with other supplier countries of similar size and potential in order to avoid any sudden disruption of Community markets.

The usual provisions for double checking should apply to these quantitative restrictions and a strengthened safeguard mechanism and anti-fraud clause should also be included, as well as an appropriate price clause. Since this agreement will improve access to the Community market for the Socialist Republic of Vietnam, reciprocal advantages should be extended to Community exporters. It should therefore be possible to negotiate provisions on specific matters such as preference for Community suppliers.



Bruxelles, le 23 octobre 1992

NOTE BIO (92)260 AUX BUREAUX NATIONAUX
CC.: AUX MEMBRES DU SERVICE DU PORTE PAROLE

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Conseil Agriculture (Luxembourg, les 26 et 27 octobre 1992)
(G. Kiely)

Le Conseil des Communautés Européennes tiendra sa 1610ème session - Agriculture - lundi 26 octobre à partir de 15h et mardi 27 octobre 1992 au Centre Européen, Plateau du Kirchberg à Luxembourg, sous la présidence de Mr John Gummer, Ministre de l'Agriculture du Royaume-Uni. L'ordre du jour comportera les points suivants:

Approbation de la liste des points "A"

Proposition de règlement (CEE) du Conseil portant organisation communes des marchés dans le secteur de la banane (doc. COM(92)359)

La Commission a transmis au Conseil, à la date du 7 août 1992, une proposition de règlement visant à établir des règles communes pour le marché de la banane, afin de permettre la réalisation du marché intérieur de ce secteur. Elle fait suite au rapport établi par le Groupe Interservices "bananes" de la Commission, ainsi qu'aux consultations qui ont eu lieu avec les représentants des Etats membres, de la production et du commerce de la Communauté, des pays producteurs et exportateurs ACP et latino-américains.

Les discussions au sein du Comité spécial agriculture ont confirmé l'existence d'un désaccord fondamental entre les délégations qui soutiennent l'approche de la Commission et celles qui l'estiment incompatible avec le GATT et la réforme de la PAC et enfin celles qui ont une position intermédiaire.

Le Conseil Agriculture devra donc en premier lieu répondre à la question de principe à savoir: l'acceptabilité d'une OCM pour la banane qui exigera une "waiver" (dérogation) du GATT. En outre le Conseil sera invité à se prononcer sur les trois questions suivantes:

- le principe d'aides directes aux producteurs communautaires et la forme que ces aides devraient revêtir (par tonne ou par hectare, permanentes ou limitées dans le temps ou dégressives)
- le niveau du contingent tarifaire de base pour les "bananes dollars" et le mécanisme d'ajustement
- les critères pour l'allocation des certificats d'importation y compris le lien avec la commercialisation des bananes communautaires et ACP.

Proposition de règlement (CEE) du Conseil relatif à l'unité de compte et aux taux de conversion à appliquer dans le cadre de la politique agricole commune (doc. COM(92)275)

Cette proposition, présentée par la Commission au Conseil le 10 juillet 1992, était à l'ordre du jour du précédent Conseil agricole des 21 et 22 septembre 1992.

Toutefois, le Président J. Gummer, a cause des remous au sein du SME, avait suggéré de repousser le dossier au prochain Conseil Agricole.

Elle vise à adapter le régime agrimonétaire à la suppression des contrôles aux frontières nécessaire à la réalisation du marché unique du 1.1.1993.

Il est proposé:

- de conserver un système agrimonétaire avec des modalités de fixation des taux de conversion agricole permettant d'éviter la perception et l'octroi des montants compensatoires monétaires;
- d'abandonner le système de "switch-over" et de supprimer le "facteur de correction" actuellement en vigueur,
- d'ouvrir la possibilité d'octroyer une aide compensatoire pour les pertes de revenus consécutives aux baisses de prix en monnaie nationale lors d'une réévaluation.

Proposition de règlement (CEE) du Conseil concernant des mesures particulières en faveur des producteurs touchés par la sécheresse 1991/1992. (doc. COM(92)348)

Le Portugal a connu une sécheresse exceptionnelle pendant la période de l'automne 1992 jusqu'au printemps 1992, qui a entraîné une perte pour les producteurs pouvant aller jusqu'aux deux-tiers de leur récolte de céréales d'hiver et a affecté fortement la production de fourrage, mettant ainsi en difficulté le secteur de l'élevage portugais. Cette situation à entraîner de graves conséquences pour le revenu des producteurs intéressés.

Le gouvernement portugais a demandé la mise en place de régimes d'aides compensatoires.

Pour les céréales une aide à l'hectare est proposée dans la limite d'un montant maximal.

Pour l'élevage un complément aux primes communautaires existantes pour les éleveurs de vaches allaitantes, de brebis et ou chèvres, ainsi qu'une aide pour les petits producteurs de lait et les détenteurs de chevaux est proposé.

Il est proposé que le FEOGA participe au financement des différentes aides. La Commission envisage de proposer une limite de 35 Mécu (agricole) pour le secteur des céréales et de 47 Mécu pour le secteur de l'élevage.

GATT - Agriculture

- Uruguay Round - Volet Agricole
- Panel Soya

Mr Mac Sharry, fera le point sur les négociations de l'Uruguay Round après les différentes rencontres bilatérales CEE/Etats-Unis.

Le Conseil procédera ensuite à son tour de table habituel sur le sujet.



Application des quotas laitiers en Italie

- Dans la situation actuelle, l'excédent de production en Italie par rapport au chiffre du quota est de 2,5 millions de tonnes
- L'Italie se propose de réduire ses quantités (1,6 M de tonnes) en 3 ans, en partie par un système de rachat. En revanche, elle revendique une augmentation de son quota de 900,000 tonnes (2,5 Mt moins 1,6)
- Sur la base de chiffres avancés par la délégation italienne, il ne serait pas possible de conclure que le quota italien devrait être adapté vers le haut.
- On considère généralement que le problème de l'application du régime des quotas ne peut pas être traité séparément des discussions en cours sur la simplification et codification du régime des quotas en général.
- Une volonté politique semble être nécessaire pour mener à bien ce dossier.

Proposition de règlement du Conseil modifiant le règlement (CEE) no 805/68 portant organisation commune des marchés dans le secteur de la viande bovine (doc. COM(92)408)

La Commission a transmis, le 1er octobre 1992, la proposition citée en objet au Conseil. Celle-ci vise à:

- modifier les dispositions concernant la prime de désaisonnalisation en remplaçant la référence aux bovins mâles par une référence aux animaux mâles castrés.
- étendre le bénéfice de la dérogation introduite en 1990 en faveur des petits producteurs de lait dont la quantité de référence était inférieure à 60.000 kg pour faire bénéficier de la prime aux vaches allaitantes tous les producteurs de taille moyenne dont la quantité de référence est inférieure à 120.000 kg, en supprimant la limitation à les animaux.
- à titre transitoire, reconnaître comme vaches allaitantes dans les nouveaux Länder de l'Allemagne les vaches laitières saillies par un taureau de race à viande.

Proposition de règlement du Conseil concernant l'identification et l'enregistrement des animaux. (doc. COM(92) 148)

La nécessité d'un tel système d'identification permettant de remonter à l'exploitation d'origine dans le cas des échanges intracommunautaires avait été souligné lors de l'adoption de la directive 90/425/CEE relative à la suppression des contrôles vétérinaires aux frontières des Etats membres. Cette proposition va au-delà de cet objectif puisque, en liaison avec la proposition sur le contrôle intégré (doc. COM(91)533), elle prévoit d'étendre ce système à l'ensemble du mouvement des animaux pour les besoins du régime de contrôle de primes pour les bovins, ovins et caprins.

Proposition de règlement du Conseil établissant un système intégré de gestion et de contrôle relatif à certains régimes d'aides communautaires. (doc. COM(91)533)

Trois questions vont être soumises au Conseil :

- Quelle est la date la plus appropriée pour la présentation de la demande d'aide "surface" concernant les cultures arables.
- Cofinancement communautaire la Commission propose de participer, pour une période de 3 ans et à titre d'aide au démarrage, à certaines dépenses correspondant à la création des systèmes intégrés, à savoir la mise en place des structures informatiques et de contrôles ainsi que l'acquisition de photographies aériennes ou des images spatiales et de leur analyse.
- Délais de mise en oeuvre.
Pas de doute sur le 1er janvier 1993 concernant les demandes d'aide, culture arable et l'identification et l'enregistrement des animaux. En ce qui concerne les autres éléments du système intégré on parle du 1er janvier 1996 qui semblerait être une date acceptable.

Mise en oeuvre de la Réforme de la PAC, et modification des dispositions régissant l'aide spéciale blé dur.

Comme en septembre et toujours à la demande de la France, les adaptations à apporter à la réforme de la PAC ont été inscrites à l'ordre du jour du conseil. Peu de décisions spectaculaires sont à attendre. Les discussions devraient surtout se concentrer sur les dossiers de la vache allaitante et de l'aide au blé dur pour lequel il est prévu de verser une aide spécifique pour les surfaces emblavées en blé dur, afin de compenser la perte supplémentaire de revenu qui en découle pour les producteurs intéressés à l'alignement du prix d'intervention du blé dur sur celui des autres céréales.

Proposition de directive du Conseil modifiant l'annexe V de la directive 74/63/CEE concernant les mesures de protection contre l'introduction dans les Etats membres d'organismes nuisibles aux végétaux ou produits végétaux. (doc. COM(92)265)

Cette proposition vise à compléter la nouvelle réglementation phytosanitaire mise en place par la directive 91/683/CEE il s'agit de soumettre les végétaux et produits végétaux originaires de la Communauté à un examen phytosanitaire, avant tout mouvement dans la Communauté.

Pour ceux originaires de pays tiers ils doivent être soumis, avant leur introduction dans la Communauté à un examen phytosanitaire et à la délivrance d'un certificat phytosanitaire de réexpédition de la part du pays d'origine ou d'expédition.

Règlement 90/675/CEE du Conseil fixant les principes relatifs à l'organisation des centres vétérinaires pour les produits en provenance des pays tiers introduits dans la Communauté (doc. Com (90)385)



Cette directive a été adoptée par le Conseil agricole du 27 novembre 1990. Il s'agit maintenant de discuter de la mise en place et de l'harmonisation des contrôles vétérinaires aux frontières extérieures de la Communauté:

Pour les produits ayant fait l'objet de règles harmonisées, un contrôle d'identité et un contrôle physique doivent être effectués dans un poste d'inspection situé à proximité immédiate du point d'entrée. Après ces contrôles, ces produits sont soumis au même régime que les produits communautaires.

Pour les produits n'ayant pas fait l'objet de règles harmonisées, après un contrôle d'identité au lieu d'entrée, la possibilité est laissée d'effectuer le contrôle physique dans un poste d'inspection de l'Etat membre de destination.

Amitiés,

B. DETHOMAS



Luxembourg, 26 October 1992.

**NOTE BIO(92) 260 (suite 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

Agricultural Council 26/10/92 - Luxembourg (G. Kiely)

The first item under discussion in Council was the proposal on the Common Organization of the market for bananas. Council was asked for guidance on a number of issues, i.e.

- basic principles underlying the Commission proposal
- the proposed compensation
- the level of import quota
- the criteria for issuing import certificates.

Outlining the proposal, Mr Mac Sharry pointed out that :

- the proposal is aimed at resolving a complex situation and the fact that Community and ACP producers have very different cost structures compared to dollar producers,
- proposal provides many advantages for Latin-American countries, such as access to a large unified market, increasing consumption, funds for diversification,
- we must produce a unified regime to replace the very different national regimes which exist at present.

On general terms, the Commission proposal was well received by a majority of Ministers, who indicated that it was a good basis for discussion. A number of Ministers however have difficulty in accepting the principle of a quota, while others argue that the quota should be higher and others that it should be lower.

A number of Ministers emphasised the need to protect Community producers and fulfill our obligations under LOME while others laid emphasis on safeguarding the interest of the consumers. While some Ministers insisted on the need for adequate income aid and for the Community banana producers, others said that it should be temporary and degressive. Mr Mac Sharry emphasised that the Commission proposal had found a balance between all the interests, i.e. consumers Community + ACP producers and Latin American producers.

- Agri-monetary system

Mr Mac Sharry outlined the Commission proposal, highlighting the main points, i.e.

- . total abolition of MCA's
- . abolish the switch over system
- . provide for compensation to producers should there be a realignment of currencies in future.

Mr Mac Sharry stressed that it will be impossible to maintain a system which leads to MCA's as there will be no border controls from January 1993.

On the switch-over system, he said that its maintenance is contradictory to the thrust of CAP reform, i.e. reduce prices to make EC products more competitive.

The switch-over mechanism by its impact on support prices and production will cost the CAP budget ECU 5 billion this year, he said.

A number of Ministers strongly urged that the switch-over mechanism be maintained in the event of it being abolished, some request full and permanent compensation for producers who have prices reduced because of revaluation. Some Ministers suggested that the switch-over mechanism could be maintained on a temporary basis and re-evaluate the situation at a later date. On the question of compensation, a number of Ministers insisted that it be temporary, partial and degressive.

. Italian agri-monetary situation

The Commission proposed a devaluation in the green rate for the Lira which would reduce the applied monetary gap from - 9.3 to - 3.9. This measure is aimed at outsidng speculative trade in view of the fact that everybody knows that MCA's must be abolished by year end.

The price increase level as a result is + 5.108 %. While there is a general support for the proposal it has not yet been possible to formally adopt the measure for procedural reasons.

- URUGUAY ROUND

Mr Mac Sharry statement on oilseeds :

"The Commission is negotiating within the guidelines as generally discussed most recently at the Birmingham European Council. I have and will be keeping within the framework and mechanisms of the reform of the CAP, unanimously agreed by the Council.

There is nothing new to report at the moment.

I am keeping in close contact with Secretary Madigan.

The Commission will continue to insist that progress on the Uruguay Round and the oilseeds disputes has to be made at the same time. Ministers will be kept informed".

Best regards,
Bruno DETHOMAS

Luxembourg, 27 October 1992.

**NOTE BIO(92) 260 (suite 2) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

Agricultural Council - 26/27 October 1992 - Luxembourg (G. Kleiy)

- GATT/Oilseeds

Mr Mac Sharry outlined the state of play of the negotiations at present (see statement in former Bio).

The President did not want a debate in Council but pointed out that Commissioner Mac Sharry and the Presidency were available for bilateral discussions if any Minister so wished.

Ministers did nevertheless make some comments, generally along the lines of their desire to reach a conclusion but that the conclusion would have to be global and balanced and urged Mr Mac Sharry to continue the negotiations.

Following the meeting, Commissioner Mac Sharry and Sir Madigan talked by phone when Mr Mac Sharry pointed out that he was available at any time to meet Mr Madigan on the Uruguay Round and the oilseeds dispute. He emphasised however that he was only prepared to negotiate towards a conclusion which respected the fundamentals of the CAP reform package agreed unanimously by Council early this year.

- Italian milk quotas

Most Ministers commenting on this matter emphasised the political difficulties an increase in the Italian milk quotas presented and some suggested that this issue should be released in the context of the quota simplification discussions which will arise later in the year.

- Introduction of veterinary checks at external borders

This proposal relates to documentary checks on products circulating or imported into the Commission and sample checks of a non discrimination nature. In view of the state of play, it was not possible to take a decision.

- Protection against the introduction into the Community of organisms harmful to plants :

This proposal aims at supplementing existing plant health rules by applying a series of plant health inspections originating or being imported into the Community.

This matter was not ready for a Council conclusion.

Best regards,
Bruno DETHOMAS

Luxembourg, 27 October 1992.

**NOTE BIO(92) 260 (suite 3) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

Agricultural Council (Gerry Kiely)

- Identification and registration of animals

This proposal is aimed at identifying animals for the control of payments under the CAP and also to control the spread of disease : i.e. so that an animal can be traced back to its original holding.

The Directive should apply to bovines from January 1993, to pigs from January 1994 and to sheep from January 1995.

Mr Mac Sharry insisted on the application of this legislation pointing out that Member States had an obligation to effectively control and verify payments to producers under the CAP.

The reservations made by Ministers are relatively minor such as certain derogations from the legislation, flexibility in its application and date of application.

The Presidency will request COREPER to complete a final text for ratification by the next Council.

- Integrated administration and control system

This proposal is linked to CAP reform and seeks to establish a common framework for the introduction in each Member State of a system which will increase the effectiveness of Member States controls on CAP payments to producers.

Council was asked for views on two points :

- . Deadline for the area aid and animal aid applications - Commission wants a deadline of March 31st. Some Member States want 15th May.
- . Community financing - Commission has prepared Community financing for 3 years (15 MECU). Member States views vary on this point with some demanding higher cofinancing while other argue that Member States should not have to get financial assistance to implement Community control legislation.

The Community did not resolve the differences on these points. Furthermore, some Ministers suggested greater flexibility than already available in the regulation. Reacting to comments, Mr Mac Sharry was very critical of some positions pointing out that the whole credibility of CAP reform depended on an effective control system.

The matter is sent back to the Special Agricultural Committee.

Best regards,
Bruno DETHOMAS



Luxembourg, 27 octobre 1992

**NOTE BIO (92)260 (suite 4 et fin) AUX BUREAUX NATIONAUX
CC.: AUX MEMBRES DU SERVICE DU PORTE PAROLE**

**Agriculture Council (Luxembourg 27 octobre 1992)
(G. Kiely)**

GATT:

Speaking to journalists after the Council, Mr Mac Sharry confirmed that he had received a message from US Secretary Madigan to the effect that he was prepared to continue negotiations aimed at finding a solution to the Uruguay Round and oilseeds dispute which would be mutually acceptable.

Mr Mac Sharry insisted that throughout the GATT negotiations he operated on the basis of finding a solution which would be compatible with CAP reform i.e. no more impact on farmers than the CAP reform conclusions. He did not confirm that he would meet Mr Madigan but said that he will have further contact with him.

The Commission has put forward a proposal covering three points:

1. Extend derogation for eligibility for suckler cow premium to dairy producers with quotas of less than 120,000 kgs.
2. Apply the deseasonalisation premium to steers only - this gives regions of Germany and Denmark a benefit from this premium
3. Flexibility for the new German Lander allowing for a period of three years, that milk race cows served by a beef bull may be considered as suckler cows.

(Total cost of proposal in full years of operation - 123m ECU.)

A number of Ministers questioned whether this proposal followed from reform or was reopening reform, while others referred back to the Council of Ministers containing clear declarations that promises were made on these elements. While some countries welcome and can accept the proposals, others used this opportunity to highlight certain aspects of the reform package which they do not like, for example for 90 head limit on eligibility for the male beef premium.

Responding to the debate Mr Mac Sharry said that for the third time during this Council Ministers have raised demands in relation to adjusting reform. He told Ministers that the reform negotiations are over and urged Ministers to get that message through to their farmers and in some cases to their Governments. Reform he said is now Community law. It has been unanimously accepted and now Governments have a responsibility to apply the law.

Implementation of CAP Reform

This item was withdrawn from the agenda. Mr Mac Sharry made it clear that there were no conditions to the withdrawal of this point.

Aid for Durum Wheat: (French Request)

France has requested the inclusion of a number of regions of France in the traditional Durum Wheat zones (implies a higher level of aid). Responding Mr Mac Sharry pointed out that we are 200% self sufficient in Durum Wheat, have 4.5 m tonnes of this product in intervention and that the idea behind reform was to cut production while protecting traditional producers who account for 75% of the total area allocated to Durum Wheat production.

Nevertheless, he is sympathetic to the demand and is prepared to reflect on the request but any extension would have to be very limited. He emphasised however, that the line has to be drawn somewhere. As in previous cases the demand led to a series of demands for other concessions.

Sheepmeat (Irish request):-

With the payment of a single premium it was argued that the compensation for falling prices, particularly due to sterling's devaluation, did not reflect regional price declines. A special premium was requested for regions where market prices had fallen below 70% of the guide price. Responding Mr Mac Sharry said that he was fully aware of the problem and was examining the situation.

Aid for Portuguese farmers affected by drought:

The Commission presented a proposal aimed at helping Portuguese cereal and livestock farmers, hit by drought. The maximum expenditure from the Community will be 35 MECU for the cereals sector and 47 MECU for the livestock sector.

There was a broad degree of support for this measure with a number of Ministers stressing that the measure must not set a precedent, while some delegations would prefer a Community framework for dealing with these problems.

As the European Parliament has not yet given an opinion Council cannot yet take a formal decision but the Presidency concluded that he considered that there was a qualified majority.

Hormones: (Germany)

Germany requested that the Commission prepare a report on the application of growth hormones and not to extend their use.

Responding Mr Mac Sharry said that an examination of the application of the hormone ban had been carried out and a report and further proposals will be presented to Council within weeks.

He again reiterated that Member States must fully apply the EC legislation on the ban and confirmed that the situation had substantially improved since the Commission requested changes in the application measures applied by Member States.

Aid for processing of oranges (Greece)

In view of the low level of prices of orange juice on the world market a request was made to increase the level of processing aid.

Mr Mac Sharry pointed out that the level of aid was established fully in line with the rules laid down by Council.

Cucumbers: (Spain)

Responding to the Spanish Minister's comment on the level of the corrective amount, Mr Mac Sharry pointed out that due to new price quotations the corrective amount can be reduced from 78 ECU/100 kgs to 8 ECU/100kgs.

Regards,

B. DETHOMAS

