

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

4899/87 (Presse 33)

1147th Council meeting

- Agriculture -

Brussels, 2, 3 and 4 March 1987

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

The Governments 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:

Ms Britta SCHALL HOLBERG

Minister for Agriculture

Germany

Mr Ignaz KIECHLE

Federal Minister for Food,
Agriculture and Forestry

Mr Walter FLORIAN

State Secretary,
Federal Ministry of Food,
Agriculture and Forestry

Greece

Mr Yiannis POTTAKIS

Minister for Agriculture

Spain

Mr Julián AREVALO

Deputy Minister,
Ministry of Agriculture

France

Mr François GUILLAUME

Minister for Agriculture

Ireland

Mr Austin DEASY

Minister for Agriculture

Italy

Mr Filippo Maria PANDOLFI

Minister for Agriculture

Luxembourg

Mr René STEICHEN

State Secretary,
Ministry of Agriculture and
Viticulture

Netherlands

Mr Gerrit BRAKS

Minister for Agriculture

Portugal

Mr Alvaro BARRETO

Minister for Agriculture,
Fisheries and Food

Mr Arlindo CUNHA

State Secretary for Agricultural
Development

United Kingdom

Mr Michael JOPLIN

Minister for Agriculture,
Fisheries and Food

Mr John GUMMER

Minister of State,
Ministry of Agriculture,
Fisheries and Food

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Commission

Mr Frans H.J.J. ANDRIESSEN

Vice-President

MILK AND MILK PRODUCTS

Further to the political agreement reached at its meeting in December 1986 on the adjustments to be made to the organization of the market in milk and milk products, the Council made a fresh examination of the proposals for Regulations necessary to implement that agreement.

To that end, after a long discussion, it agreed by a qualified majority on the following milk-sector Regulations:

- amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products;
- temporarily withdrawing a proportion of the reference quantities mentioned in Article 5c(1) of Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products;
- amending Regulation (EEC) No 1336/86 fixing compensation for the definitive discontinuation of milk production;
- amending Regulation (EEC) No 857/84 adopting general rules for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68 in the milk and milk products sector;
- modifying the intervention arrangements for butter;
- amending Regulation (EEC) No 2990/82 on the sale of butter at reduced prices to persons receiving social assistance.

All these measures are designed, amongst other things, to tighten up the quota system and make the intervention arrangements more flexible and more in tune with market realities.

With particular reference to the criteria whereby the Commission will be allowed to suspend intervention for butter and skimmed-milk powder in certain circumstances, the Council agreed on the following:

1. Butter intervention

The current intervention system will be continued during a transitional period. The current payment periods including periods for takeover of purchases, will also be continued. The transitional period will be ended when offers of sales into intervention after 1 April 1987 exceed 150 000 tonnes. In order to avoid speculation in the month of March, when normally 30 000 tonnes might be offered for sale, this trigger point will be implemented by counting offers from 1 March, and setting the figure at 180 000 tonnes.

Once the quantity of 180 000 tonnes of butter offered is exceeded, the Commission, while still respecting the principle of non-discrimination, may suspend intervention purchases in the whole Community or, if the market situation so warrants, part of it. The Commission will use the alternative means described in the Regulation to support the market price, and to avoid a downward spiral. If however such a spiral develops, and the market price in one or more Member States falls to the level of 92% of the intervention price, the Commission will reintroduce intervention purchases in the Member States concerned. The payment periods will remain, but the Commission will abolish the takeover periods.

If however physical stocks at any time exceed 250 000 tonnes, excluding quantities offered before 1 March 1987, the "floor price" of 92% will be reduced to 90%.

2. Skimmed-milk powder intervention

During the period 1 March - 30 August purchases of skimmed milk powder may be suspended as soon as the quantities offered for intervention exceed 100 000 tonnes, account not being taken of quantities offered prior to 1 March.

Request by the German delegation

The Council agreed by a qualified majority to the German request that the reduction and withdrawal of quotas planned for 1988 be brought forward to 1987.

Request by the French delegation

The Council also authorized the French Government, under Article 93 of the Treaty, to grant national aid to small milk producers.

This will involve the French Government making a contribution to the social security payments of certain milk producers who are in financial straits because of the constraints needed to control milk production.

SOCIO-STRUCTURAL MEASURES

Further to the guidelines adopted at its December meeting for a socio-structural policy which was more attuned to the present agricultural situation, the Council resumed its examination of this matter and reached agreement by a qualified majority on a common approach to a number of points, including:

- aid for less-intensive production of surplus produce;
- aid in sensitive areas from the point of view of environmental protection;
- certain adjustments to the compensatory allowance scheme in mountain and hill and less-favoured areas.

On the subject of the termination of farming, the Council noted that the Commission intended to reconsider the measures it proposed when drawing up fresh proposals on aid for agricultural earnings, as announced by President DELORS. It consequently agreed to suspend examination of this aspect pending new Commission proposals.

The measures will apply for a period of three years from the entry into force of the Regulation.

Before the end of the third year, the Commission will place before the Council a report on the application of the measures to include trends in expenditure.

Acting on a proposal from the Commission by a qualified majority, the Council will decide before that period elapses whether the measures are to be extended.

If no decision is taken by that date, the period of application of the measures will be extended by two years.

The Council also agreed to the Commission proposal allocating a further 20 MECU to the agricultural research programme.

MISCELLANEOUS DECISIONS

Other agricultural decisions

The Council adopted, in the official languages of the Communities, the Regulation increasing the volume of the Community tariff quota opened by Regulation No 1726/86 for animals of certain mountain breeds. The volume is increased from 38 000 to 42 600 head to take account of Spanish and Portuguese accession.

(See Press Release 11128/86 (Presse 197) - 8/9/10 and 13/14/15/16 December 1986).

The Council also adopted, in the official languages of the Communities, the Regulation applying to Spain the common prices in the beef and veal sector.

The Council then adopted, in the official languages of the Communities, the Directive amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products. Under this Directive, the specimen certificates approved in the International Plant Protection Convention of 6 December 1951, as amended on 21 November 1979, should be adopted in a standardized form worked out in close collaboration with international organizations.

Fisheries

The Council adopted, in the official languages of the Communities, the Regulation establishing for the period from 1 March to 30 June 1987, certain measures for the conservation and management of fishery resources applicable to vessels flying the Japanese flag in waters falling under the sovereignty or jurisdiction of Portugal. The Regulation extends for this period the arrangements applied in 1986.

Social affairs

The Council adopted, in the official languages of the Communities, the Directive amending, on account of the accession of Spain, Directive 80/987/EEC on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer.

Research

The Council adopted, in the official languages of the Communities, the Decision approving an amendment to the Statutes (articles of association) of the Joint Undertaking "Société belge-française d'énergie nucléaire mosane" (SEMO).

Appointments

On a proposal from the Italian Government, the Council appointed Mrs T. GUIDICI a member of the Committee of the European Social Fund in place of Mr G. DI PALMA, member, who has resigned, for the remainder of the latter's term of office, which runs until 11 December 1987.

The Council also appointed, on a proposal from the United Kingdom Government, Mr J. PLOWMAN an alternate member of the Committee of the European Social Fund in place of Mr J. CURRIE, alternate member, who has resigned, for the remainder of the latter's term of office, which runs until 11 December 1987.

The Council then appointed, on a proposal from the United Kingdom Government, Mr J. PLOWMAN an alternate member of the Advisory Committee on Freedom of Movement for Workers in place of Mr J. CURRIE, alternate member, who has resigned, for the remainder of the latter's term of office, which runs until 6 October 1987.

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ECSC

The Representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council adopted in the official languages of the Communities the Decisions concerning the opening of a zero-duty tariff quota for:

- chromium-coated sheets and plates;
- laser-irradiated, grain-oriented electrical sheet and plate.

27 February 1987

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NOTE BIO (86) 54 AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

AGRICULTURE COUNCIL - PREPARATION (MARCH 2 AND 3) (M. Berendt)

Monday and Tuesday's Council will give a first opportunity for ministers to discuss the price package for 1987-88 put forward by the Commission last week. However, the first business of the Council will be to agree the six regulations on milk products which stem from the December marathon. Those dealing with quota reductions and compensation for producers were broadly settled at last Monday's Council, but measures for suspension of intervention on butter and skimmed milk powder remain to be decided.

Two related issues have to be negotiated: the level of stocks at which intervention would be suspended; and the level of prices in a falling market which would act as the trigger for a resumption of intervention purchases. Vice-President Andriessen has already indicated to the Council the essential elements which the Commission believes necessary in order to respect the December compromise, including the possibility of suspending intervention in the first year, establishment of a trigger price, a link with the level of stocks and specific provisions for specific situations, such as those of Ireland and Spain.

The Council will also continue its discussions on the socio-economic measures promised by the December compromise, although the chances of reaching agreement look somewhat slim.

The Presidency intends the Council to adopt the regulation which would provide 3.200m ecu for a special scheme for disposal of butter stocks under deferred payments i.e. member states would bear the current costs but would be reimbursed as from 1989. The European Parliament was asked to provide an opinion on this proposal, but failed to achieve a quorum at its last session. Since the opinion of the Parliament is not mandatory in this case, the Council is legally entitled to take a decision. The Court of Auditors' promised opinion on the scheme is expected to be published shortly. It is expected to be critical of it but the Commission will not be in a position to react until it has seen the full text. The opinion does not have a legal force.

Also on the agenda of Council is the French demand for the right to make special payments to small milk producers. A unanimous decision of the Council will be necessary to give the go-ahead. The Commission has not felt able to agree the scheme.

Regards,

H. Paemen

3 March 1987

NOTE BIO (87) 54 suite 1 AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

AGRICULTURE COUNCIL - 2-3 MARCH 1987 (M. BERENDT)

Despite a negotiating session which continued until 03h45 this morning, ministers failed to make progress in agreeing the package of measures on milk which would implement the compromise so painfully achieved during the December marathon. The main regulation still to be negotiated is that setting the criteria for limiting intervention on butter and skimmed milk powder.

A new compromise formula submitted by the Commission for the ministers' consideration was regarded as too immediate in its application and too harsh in its effects by the German and Irish ministers. The French and the Danes favoured a different approach altogether, while the Spanish minister rejected the compromise for not being strict enough. The Netherlands, Portugal and the UK, shared this view, although were willing to accept if it provided the basis for a decision.

The formula, which will be subject of further discussion at a session beginning at 10 o'clock this morning, would set a starting date for the new discipline of March 1 1987. When offers for intervention after this date reached 150,000 tonnes, the Commission would be empowered (but not obliged) to suspend intervention unless market prices fell to an average 92 per cent of intervention price, in which case intervention would resume. If actual stock levels rose to 250,000 tonnes, then the bigger price for resumption of intervention would fall to 90 per cent.

The Council had earlier decided, on Spanish insistence, to send to the ECOFIN Council of March 9 the proposal under which member states would temporarily bear the cost of disposing of butter stocks, to the tune of 3.2 billion ecu.

After finance ministers have discussed the proposal, the presidency's aim is for the issue to go as an 'A' point at the subsequent General Affairs Council.

Regards,



H. Paemen

4 March 1987

NOTE BIO (87) 54 SUITE 2 ET FIN AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

AGRICULTURE COUNCIL - 2-3 MARCH 1987 (M. BERENDT)

The Council of Ministers this morning agreed on the detailed implementation of the December compromise package for reducing Community milk output and bringing under control the level of sales of dairy products into intervention. The Council had been committed to reaching an agreement by the end of February, and although it just failed to meet this deadline, its decisions, taken between 02h00 and 03h00 this morning, have resolved these difficult political issues before the beginning of negotiations on 1987-88 prices.

The package comprises the following main elements:

- six regulations on the dairy market, providing for a quota cutback of 9 1/2 per cent over two years, compensation for producers and changes in the intervention system which will allow the Commission to suspend purchases of butter and skimmed milk powder under specified conditions;
- a socio-structural package, to cost 350m ecu over an initial three-year period;
- a regulation allowing Germany to bring forward to 1987 the quota reductions envisaged for 1988;
- authority for the French government to pay social security contributions for small dairy producers;
- an additional allocation of 20m ecu for agricultural research.

1. DAIRY MARKET REGULATIONS

Five of the six regulations on the dairy market had been agreed in principle at the previous Council. They established the formula for payment of compensation to dairy producers and the phasing of the reductions in quota allocations, of which 6 per cent will take place in April 1987, a further 2 1/2 per cent in April 1988 and 1 per cent to be achieved by limiting the transfer of quotas.

Ministers have now agreed changes to the intervention arrangements which will make the system more flexible and better geared to the realities of the market - a safety net rather than a permanently available outlet. As far as butter is concerned, the current intervention system continues unchanged for the next few months, with the current six-month delay in payment. Offers for sale into intervention will be monitored as from March 1. When they reach 180,000 tonnes, the Commission may suspend intervention purchases in the whole Community or in a part of it. the

Commission will take alternative measures to prevent a downward spiral in market prices, but if the weighted average price falls below 92 per cent of the intervention price, intervention purchases will be resumed in the member states concerned. The period of payment would be roughly halved.

If actual stocks as from March 1 rise to 250,000 tonnes, the trigger price of 92 per cent will be reduced to 90 per cent.

As for skimmed milk powder, intervention may be suspended each year during the period March 1- August 31 as soon as the quantities offered for intervention exceed 100,000 tonnes, not taking account of offers prior to March 1.

2. SOCIO-STRUCTURAL MEASURES

At one point during the negotiations, it seemed most unlikely that any agreement could be reached on the package of socio-structural measures. The Commission had removed from its proposals the scheme for providing early pensions for farmers, so reducing the costs of the overall programme and averting particular difficulties, especially with the French government. However, adoption of the revised package was only possible once the overall shape of an agreement on the whole December compromise was apparent. It will be for an initial period of three years at an estimated cost of 350m ecu. Three measures are covered:

- special aid to compensate producers who adopt more extensive farming methods for products in surplus;
- aid for farmers who practise husbandry compatible with protection of the environment in environmentally sensitive areas;
- modifications to the scheme for payments of compensatory allowances in less favoured and mountain areas.

It is understood that the Commission will reintroduce its proposals for early retirement pensions in the context of further structural measures to be submitted in the coming months. Nevertheless, Spain and Greece voted against the revised package.

3. RESEARCH

The Commission proposal for allocating a further 20m ecu to the agricultural research programme was approved. This finance will be used to expand existing activities in Community agricultural research.

VICE PRESIDENT ANDRIESSEN'S COMMENTS TO THE PRESS

Commenting on the Council's decision at the press conference at midday, Vice-President Andriessen emphasised the importance of the Council decision to limit intervention buying. "For the first time in the history of the Common Agricultural Policy, the Council has taken this step. We have crossed the threshold." Some reform had to be undertaken, he said. Milk was the last sector where major changes had been lacking. The price debate would no longer be burdened by this difficult subject.

On the socio-structure package Mr. Andriessen said that the results were less satisfactory as it had not been possible to implement the complete political consensus of December. The Commission had set aside the proposals on early retirement because various exemptions were being demanded by Member States which would undermine the obligatory nature of the proposals. The ideas would be picked up in the context of new proposals on direct income support currently under discussion in the Commission.

Regards,


H. Paemen