

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

7448/91 (Presse 129)

1508th Council meeting
- Agriculture -
Brussels, 15 and 16 July 1991

President:

Mr Piet BUKMAN

Minister for Agriculture
Nature Conservation
and Fisheries of
the Netherlands

15/16.VII.91

kin/JM/at

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:

Mr Laurits TOERNAES
Minister for Agriculture

Germany:

Mr Ignaz KIECHLE
Federal Minister for Food, Agriculture
and Forestry

Mr Walter KITTEL
State Secretary, Federal Ministry of
Food, Agriculture and Forestry

Greece:

Mr Michaelis PAPACONSTANTINOU
Minister for Agriculture

Spain:

Mr Pedro SOLBES MIRA
Minister for Agriculture

France:

Mr Louis MERMAZ
Minister for Agriculture

15/16.VII.91
kin/JM/at

Ireland:

Mr Michael O'KENNEDY Minister for Agriculture and Food

Italy:

Mr Giovanni GORIA Minister for Agriculture

Luxembourg:

Mr René STEICHEN Minister for Agriculture and
Viticulture

Netherlands:

Mr Piet BUKMAN Minister for Agriculture,
Nature Conservation and Fisheries

Portugal:

Mr Arlindo CUNHA Minister for Agriculture, Fisheries
and Food

United Kingdom:

Mr John SELWYN GUMMER Minister for Agriculture

Mr David CURRY Parliamentary Secretary, Agriculture

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Commission:

Mr Ray MAC SHARRY Member

15/16.VII.91

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THE DEVELOPMENT AND FUTURE OF THE COMMON AGRICULTURAL POLICY

The Council heard a statement by Commissioner Mac SHARRY, who presented the Commission communication on the development and future of the common agricultural policy. It held an initial general exchange of views on the implications of this communication in political, economic, social and financial terms.

The Council noted the fundamental changes involved in the Commission's approach compared with the current policy and discussed the major problems to be faced by European agriculture if the new approach were adopted.

In view of the importance of the Commission communication the Council, while recognizing the need for prompt action, agreed to carry out a thorough examination of the communication. With this in mind and pending formal proposals from the Commission, it instructed the Special Committee on Agriculture to undertake a technical examination of the various points and problems raised by the Commission communication.

15/16.VII.1991

kin/JM/at

URUGUAY ROUND - AGRICULTURAL ASPECTS

The Council was informed by the Commission of the progress of negotiations under the Uruguay Round.

Mr Mac SHARRY briefed the Council on the points which had arisen in the discussions in Geneva since the last Agriculture Council at the end of June.

The Council confirmed its attachment to the negotiating brief on agricultural matters which the Commission had been given and reaffirmed that any solution to the agricultural problems should be sought as part of an overall approach covering all the multilateral trade negotiations.

This item will feature again on the agenda for the next meeting of the Agriculture Council, which expressed its determination to be fully involved in developments in the negotiations.

15/16.VII.1991

kin/JM/at

MISCELLANEOUS DECISIONS

Other Decisions regarding agricultural policy

The Council adopted the Directives

- laying down health conditions for the production and placing on the market of live bivalve molluscs,
- laying down the principles governing the organization of veterinary checks on animals entering the Community from third countries and amending Directives 89/662/EEC and 90/425/EEC.

Both these Directives had been the subject of a political agreement at the Agriculture Council on 26 and 27 June (see Press Release 7144/91 (Presse 121)).

It also adopted the Directive on the marketing of plant-protection products. This Directive, on which the Council had given its political agreement at its meeting on 26 and 27 June 1991, sets out to establish a harmonized procedure for the authorization of plant-protection products to be used for the protection of plants and plant products against harmful organisms and weeds (see Press Release 7144/91 (Presse 121)).

The Council also adopted the Regulations

- on improving the efficiency of agricultural structures. The aim of the Regulation is to consolidate the regulations in force with the aim of simplifying and clarifying the presentation of Community law.

15/16.VII.1991

kin/JM/at

- amending Regulation (EEC) No 790/89 as regards the maximum amount applied to aid for quality and marketing improvement in the nut- and locust bean-growing sector. The amendment is designed, by differentiating between the amounts of aid, to increase the attractiveness of restructuring measures (modernization through grubbing) compared with measures for crop improvement. The new amounts of aid/ha are set at the following levels:

- = 475 ECU/ha per year for 5 years for grubbing operations followed by replanting and/or varietal conversion,
- = 200 ECU/ha per year for the remaining years of the plan's implementation,
- = 200 ECU/ha per year for a period of 10 years in the case of other operations.

The proposal concerning nuts and locust beans had been submitted in the context of the 1991/1992 prices package.

ECSC

The Council formally adopted the Decisions on the opening for the period 1 July 1991 to 30 June 1992:

- of a zero-duty tariff quota of 300 tonnes for certain flat-rolled products of silicon-electrical steel for the Benelux countries;
- of a zero-duty tariff quota for France, the Benelux countries and Germany of 1 430 t, 1 380 t and 1 200 t respectively for special wire rod for the manufacture of valve springs.

15/16.VII.1991

kin/JM/at

Fisheries

The Council adopted a Regulation transcribing into Community law certain conservation measures applied by the former German Democratic Republic to a zone situated in German waters of the Baltic Sea (the "Oderbank").

Under this instrument, which amends for the fourth time Regulation 1866/86 on the conservation of fishery resources in the waters of the Baltic Sea, the Belts and the Sound, it is prohibited throughout the year to fish with any trawl, Danish seine and similar net in the "Oderbank" region.

SOVIET UNION

Technical assistance

Following the political agreement reached at its meeting on 17 and 18 June, the Council formally adopted the Regulation on technical assistance for the Union of Soviet Socialist Republics for the economic reforms under way and for the measures aimed at bringing about the transition to a market economy and for related projects.

It is pointed out that this assistance, the principle of which was decided on by the Rome European Council, will be put into effect by the Community in 1991 and 1992. It will have a budget of ECU 400 million in 1991, with the funds estimated as necessary for 1992 still having to be decided by the Council, acting unanimously.

The technical assistance will give priority to the fields of public and private sector management training, financial services, energy, transport and foodstuffs distribution.

15/16.VII.1991

kin/JM/at

Community assistance will take the form of grants to be released in tranches, as projects are actually implemented.

Liberalization of certain quantitative restrictions

The Council adopted the Regulation on the liberalization of certain quantitative restrictions with regard to the USSR.

The Regulation provides for the dismantling of specific quantitative restrictions still remaining with regard to the USSR on 1 August 1991, thus bringing forward the date laid down in the EC-USSR Agreement which stipulated that this dismantling was to take place by 31 December 1995. The aim of the Regulation is to strengthen trade relations with the USSR, thus contributing to its economic restructuring.

ANTI-DUMPING

The Council adopted the Regulation introducing a definitive anti-dumping duty on imports of small-screen colour television receivers - with a diagonal measurement of the screen exceeding 15,5 cm but not exceeding 42 cm - originating in Hong Kong and the People's Republic of China.

The rate of duty is 4,8% for products originating in Hong Kong and 15,3% for products originating in the People's Republic of China of the net, free-at-frontier price before duty.

15/16.VII.1991

kin/JM/at

However, the rate of anti-dumping duty for manufactured products sold for export by the following undertakings is set out below, expressed as a percentage of the net, free-at-frontier price before duty:

Rate of duty

(a) Hong Kong

Cony Electronic Products Ltd	3,1
Hanwah Electronics Ltd	4,8
Kong Wah Electronic Enterprises Ltd	3,1
Koyoda Electronics Ltd	4,6
Luks Industrial Co Ltd	4,1
Tai Wah Television Industries Ltd	2,1

(b) People's Republic of China

Fujian Hitachi Television Co Ltd	13,1
Huaquiang Sanyo Electronics Co Ltd	7,5

Bruxelles, le 12 juillet 1991

**NOTE BIO(91)240 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE PAROLE**

**CONSEIL AGRICULTURE (Bruxelles, les lundi 15 et mardi 16 juillet 1991)
(G. Kiely)**

Le Conseil des Communautés Européennes tiendra sa 1508ème session - Agriculture - le lundi 15 juillet à partir de 15h et le mardi 16 juillet 1991 au Bâtiment Charlemagne à Bruxelles, sous la Présidence de M. Piet Bukman, Ministre de l'Agriculture des Pays-Bas. L'ordre du jour du Conseil comportera les points suivants:

*** Approbation de la liste des points "A"**

- Adoption de la directive du Conseil concernant la mise sur le marché de produits phytopharmaceutiques (doc. COM(89)34 et doc. COM(91)87)
- Adoption de la directive du Conseil fixant les règles sanitaires régissant la production et la mise sur le marché de mollusques bivalves vivants. (doc. COM(89)648)
- Adoption de la directive du Conseil fixant les règles sanitaires régissant la production et la mise sur le marché des produits de la pêche. (doc. COM(89)645)
- Adoption de la directive du Conseil fixant les principes relatifs à l'organisation des contrôles vétérinaires pour les animaux en provenance des pays tiers introduits dans la Communauté. (doc. COM(91)75)
- Adoption du règlement du Conseil concernant l'amélioration de l'efficacité des structures de l'agriculture (doc. SEC(91)268)
- Adoption du règlement du Conseil en ce qui concerne le montant maximal de l'aide à l'amélioration de la qualité et de la commercialisation dans le secteur des fruits à coque et des caroubes (doc. COM(91)72).

*** Réforme de la Politique Agricole Commune: communication de la Commission (doc. COM(91)258)**

La Commission des Communautés Européennes a adopté le 9 juillet 1991 à Strasbourg les propositions relatives à l'évolution et à l'avenir de la politique agricole commune présentées par M. Ray Mac Sharry, Commissaire chargé de l'agriculture et du développement rural. Ces propositions, qui suivent grosso modo la politique déjà exposée par la Commission en février dernier dans son document de réflexion (doc. COM(91)100), constituent le remodelage le plus radical de la PAC effectué depuis son institution il y a trente ans. Elles seront introduites à partir de 1993 et deviendront totalement opérationnelles en 1996.

La Commission fait ces propositions en vue de remédier aux problèmes de la baisse des revenus agricoles, de l'instabilité des marchés, de l'accumulation des stocks de denrées alimentaires excédentaires, de la croissance des coûts budgétaires et des dommages causés à l'environnement par une production intensive. Elles sont présentées également dans le contexte d'un large consensus selon lequel cette situation ne saurait durer.

* Uruguay Round - volet Agricole

* Le règlement du Conseil arrêtant les règles sanitaires pour la production et la mise sur le marché de viandes fraîches (doc. COM(89)673)

et

la décision du Conseil relative aux conditions d'octroi de dérogations temporaires et limitées aux règles communautaires sanitaires spécifiques pour la production et la mise sur le marché de produits d'origine animale (doc. COM(89)670)

seront adoptés en point "A" lors du Conseil Marché Intérieur du 22 juillet 1991.

Amitiés,

C. Stathopoulos

Bruxelles, le 15 juillet 1991

NOTE BIO(91) 245 AUX BUREAUX NATIONAUX
cc : AUX MEMBRES DU SERVICE DU PORTE-PAROLE

RENDEZ-VOUS DE MIDI - 15 juillet 1991

COUNCIL OF AGRICULTURAL MINISTERS (G. KIELY)

This meeting of the Agricultural Council will concentrate on the reform of the Common Agricultural Policy which Mr MacSharry will present to the Ministers.

Mr MacSharry will make the point that this package of proposals is the only option for the future of European Agriculture. The implementation of the proposals will guarantee farmers' incomes, restore market balance, reduce surplus stocks, benefit consumers and respect environmental requirements.

The alternative is to maintain the status quo which will result in the CAP "self-destructing", with massive stocks, serious reductions in prices without compensation and no significant long-term benefit to the consumer.

If the Council of Ministers have not agreed this package by the end of the year, the Commission will have no option but to propose further restrictions on intervention and quota reductions in the context of the annual price fixing round.

Two points in relation to reform have been raised by a number of farm organisationa and ministers and deserve a response.

1. There is no guarantee that direct aid measures will continue long term!

The direct aid measures will have the same status as the present arrangements for the common organisation of the market and will therefore be permanent arrangements.

2. Farmers should earn their income from the market and not from direct compensation!

Farmers are not earning their income from the market today given the huge difference between intervention prices and world market prices, e.g.

	Intervention Price ECU/tonne	World Market Price ECU/tonne
Butter	2600	900
Beef	2600	600
Cereals	155	55-65

Materiel diffusé

IP 670 - M. Christophersen à Athènes

IP 673 - Première table round sur la biotechnologie

IP 674 - M. Millan à la signature du joint venture Ford/VW à Setubal

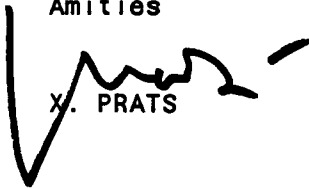
IP 676 - Sir Leon Brittan commence une série d'exposés sur la politique de la concurrence au Centre des études de politique européenne

IP 677 - Politique régional: Programme opérationnel pour l'Irlande du Nord dans le secteur de l'environnement

IP 678 - Politique régionale: Programme opérationnel pour le développement rural de la région de Bolzano (Italie)

Discours de Mme Scrivener à Washington à European Institute.

Amitiés



X. PRATS

Bruxelles, le 15 July 1991

NOTE BIO (91) 246 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

COUNCIL OF AGRICULTURAL MINISTERS, 15 JULY 1991
(G. Kiely)

Commissioner Mac Sharry presents proposals on Reform of CAP

The EEC Commissioner for Agriculture Mr Ray Mac Sharry today presented the Commission's proposals for the reform of the Common Agricultural Policy to the Council of Agricultural Ministers.

In outlining the proposals to the Ministers Mr Mac Sharry emphasised the need for reform, stressing that the status quo was not an option. The present package had been constructed with great care he said to ensure a balance between the sectors and between categories of producer. It would lead to better market balance, better prices and incomes for farmers, better use of budgetary resources and better care of the environment.

It is a clear choice said Mr Mac Sharry between reform or the status quo.

Maintaining the status quo would result in growing disruption on agricultural markets, ever increasing food stocks, declining prices and farm incomes without any compensation for farmers, and uncertainty for the future.

The only beneficiaries of the present policy would be the owners of storage facilities for surplus stocks, while consumers, farmers and taxpayers would continue to pay the price for an ineffective policy.

A recent survey has shown that a great majority of the citizens of Europe want and expect policy makers to take the necessary steps to reform the agricultural policy.

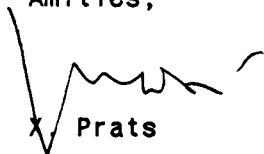
The Commission's proposals, he said, address the root cause of deficiencies in the present policy, namely, the direct relationship between production and the price guarantee. No practical alternatives had been presented so far. While the consumer will benefit substantially from the price reductions, the vast majority of farmers (over 90%) will be fully compensated. At the same time market balance will be restored, the environment will be better protected and our products will be more competitive on both the domestic and international markets.

Referring to the duration of the compensatory measures Mr Mac Sharry confirmed that they would be part of the common organizations of the market and as such would have the same status and security as other support instruments.

On the often quoted desire of farmers to earn their incomes from the market rather than through direct compensation he questioned whether this was the case in practice. The substantial intervention levels and export refunds needed to maintain existing prices and the huge difference between intervention and world market prices (butter 2927 ECU/tonne, compared to 900 ECU/tonne on the world market, cereals 155 ECU/tonne compared to a world market price of 55-65 ECU/tonne and beef 2600 ECU/tonne compared to some 600 available on the world market at present) cast serious doubt on whether current income levels properly reflect what the market is prepared to bear in reality.

The Commission has fulfilled its responsibility by facing up to the present serious problems facing the CAP and proposing concrete solutions through these proposals, said Mr Mac Sharry, it is now up to the Council of Agricultural Ministers to take the necessary decisions to ensure that these problems are resolved.

Amitiés,



X Prats

Brussels, 16 July 1991

NOTE BIO (91) 246 (suite 1) AUX BUREAUX NATIONAUX
CC.: AUX MEMBRES DU SERVICE DU PORTE PAROLE

COUNCIL OF AGRICULTURAL MINISTERS, 15 JULY 1991
(G. Kiely)

CAP Reform:

Introducing the proposals Mr Mac Sharry made the following points:-

- the proposals are constructed to ensure a balance between different sectors and different categories of producers within each sector - also situation in different states - no proposals could or should leave situation as it is
- urge Ministers to reserve final judgement until all elements have been fully clarified and understood.
- suggested alternatives relating to voluntary curtailment of production and reducing imports are not practical alternatives
- extra production and surpluses are intrinsic to the present system - this is self defeating for farmers and harmful to most non-farming interests that are affected by the policy
- Commission's proposals offer a real prospect of remedying the present deficiencies
- the proposals have as their objective - better market balance, better farm incomes, a better way of spending scarce budgetary resources and better care of the environment.
- system of direct aid would assure farm income more solidly than under present regime.
- arrangements should apply from beginning of 1992 marketing year.

Ministers' Reactions:-

All Ministers accepted that the proposals constituted a good basis for negotiation but insisted that certain aspects would have to be changed before being more acceptable. While on the one hand some Ministers objected to the proposed level of modulation of support others criticised the proposals because they did not go far enough regarding modulation.

A number of Ministers emphasised the need for coherence between the regimes for different products especially in the case of arable crops e.g. cereals, US oilseeds.

Many also emphasised the importance of CAP reform being compatible with the Community's position in GATT and also insisted on the need for rebalancing in the context of the trade negotiations.

While some Ministers argued in favour of the need to concentrate on maintaining viable competitive units others said that the budgetary resources should be directed more at the weaker units of production.

While price reductions would have to be progressive over a certain number of years, the level of reduction proposed by the Commission was seen as excessive by most Ministers and some questioned the ability of the proposed level of funding to meet the requirements for direct aid.

The point was also made that the objective of reform should be to reduce budgetary expenditure rather than increase it, as would arise under the Commission's proposal.

Some Ministers also questioned the effectiveness of the proposals to control production given that those applied over the years had not done so.

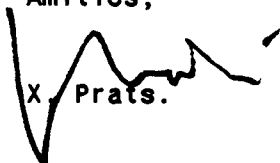
While some Ministers said that the level of premia would need to be increased in order that the competitiveness of grass produced livestock products would be maintained vis à vis grain based production, others said that those premia should be limited, product neutral and degressive.

There was general support for the accompanying measures i.e. environmental, afforestation and early retirement schemes.

In summary, Ministers' reactions were positive to the extent that nobody supported the maintenance of the status quo, everybody believed that the Commission proposals were a good basis for negotiation and indicated their willingness to work towards a conclusion, emphasising the need for the Commission to show flexibility in its proposals.

Amitiés,

X Prats.



COUNCIL OF AGRICULTURAL MINISTERS, 16 JULY 1991
(G. Kiely)

CAP Reform:

Replying to the Ministers' comments on CAP reform Mr Mac Sharry made the following comments:-

- he was pleased with the reaction of Ministers in that it was more positive than expected and given the broad range of views on the proposals he saw the Commission's proposals as a realistic middle ground. He emphasised that the Commission would be flexible in its approach to the negotiations.
- he welcomed the fact that all Ministers recognised the need for reform. Agriculture, he said, was going deeper into crisis and the Council had a responsibility to take quick decisions on reform. Failure to agree on the package by December he said would necessitate further proposals from the Commission in the context of the 1992/93 price fixing which would involve price and quota cuts without compensation.
- on the suggestion that voluntary production control should play an important role in reform, Mr Mac Sharry pointed out that we already have these measures and they have not yielded the necessary results.
- the price reductions proposed, he said, were necessary to make Community products competitive on domestic and international markets. The Commission is losing its internal market for cereals at the rate of 2m tonnes per year, to cereal substitute.
- set-aside requirements and compensatory measures would be revised periodically to take account of market requirements.
- on the aspect of discriminating against the larger farmers, he recalled that some Ministers believed that the small producers were being discriminated against. Furthermore the larger farmers have more options e.g. use of set-aside land for non-food uses etc. and they also make a greater contribution to the surplus.
- he suggested that the special agricultural Committee and technical groups should now study the proposals so as to expedite the work of the Council.

GATT:-

Mr Mac Sharry informed the Council of the state of play on the GATT discussion, pointing out that the Commission had expressed its serious reservations on the "Dunkel" paper for its shortcomings, particularly in relation to the absence of any reference to rebalancing. He also informed them that he and Vice-President Andriessen will meet Ambassador Hills and Secretary Madigan on July 30 on the question of the GATT negotiations.

Ministers comments endorsed the line being taken by the Commission in the negotiations, emphasised that the Community's offer be maintained and absolutely insisted that the Agricultural Ministers be responsible for the agricultural aspects of the GATT negotiation.

Any other business

Beef:-

The serious market situation was raised by a number of Ministers (Ireland, France, Belgium and Portugal) who urged the Commission to be vigilant as far as imports are concerned and to make every effort to increase exports and outlets - especially to the Middle and Far East.

The point was also made that the new intervention arrangements could lead to a downward spiral.

Responding Mr Mac Sharry said that slaughterings at this time of year were higher than expected which is causing some weakness in the market - that there has not been any appreciable increase in imports - that the Commission has applied the safeguard clause on calf imports from East European countries (425,000 hd compared to 900,000 last year) - export certificates for 607,000 tonnes have been issued i.e. double last year's level at this stage and have bought 491,600 tonnes into intervention since January - in other words the various aspects of the market support mechanism are operating at a very high level.

He also pointed out that the Community spends about 1 billion ECU on direct premia for beef producers. While the Commission will be flexible in addressing the beef market situation, it is too early to draw conclusions on the operation of the new intervention regime.

Corn Gluten:-

The problem of maize germ cake being found in corn gluten imports was raised (France) and the Commission was urged to ensure that custom arrangements were applied correctly throughout the Community. In reply Mr Mac Sharry informed the Council that samples of corn gluten with up to 40% maize germ cake have been found and that the issue must be addressed. The Commission will try to find both a transitional and permanent solution to the matter, including clear rules for the future.

Soft fruit and mushrooms:-

The safeguard clauses on the importation of soft red fruit (frozen raspberries and strawberries) from Poland and Yugoslavia and preserved mushrooms mainly from Poland were extended to September 25 and November 1 respectively.

Next Councils:-

September 23/24

September 29/30/Oct.1 - (Informal)

Amitiés,

X. Frats

