

COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT

PRESS RELEASE

4503/92 (Presse 20)

1556th Council meeting

- AGRICULTURE -

Brussels, 10 and 11 February 1992

President: Mr Arlindo MARQUES DA CUNHA,

Minister for Agriculture of  
the Portuguese Republic



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

Mr Nils BERNSTEIN                      State Secretary 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 Sotirios HATZIGAKIS                      Minister for Agriculture

Spain:

Mr Pedro SOLBES MIRA                      Minister for Agriculture

France:

Mr Louis MERMAZ                      Minister for Agriculture

Ireland:

Mr Michael WOODS                      Minister for Agriculture

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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 MARQUES DE CUNHA

Minister for Agriculture

Mr Alvaro AMARO

State Secretary, Ministry of Agriculture

United Kingdom:

Mr John GUMMER

Minister for Agriculture, Fisheries and Food

Mr David CURRY

Parliamentary Secretary, Agriculture

Lord STRATHCLYDE

Parliamentary Under-Secretary of State,  
Scottish Office

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Commission:

Mr Ray MAC SHARRY

Member

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DEVELOPMENT AND FUTURE OF THE COMMON AGRICULTURAL POLICY

The Council continued its discussions on CAP reform. In this connection, the Presidency submitted a new working document developing certain approaches already outlined in its January document and expanding the latter on other points.

Speaking in turn, the delegations gave their reactions and concerns in relation to all of the sectors mentioned in the Presidency document, each setting out its position in the process.

The discussions ended with the Council entrusting a high-level Working Party and the Special Committee on Agriculture with the task of examining in greater detail certain specific problems brought up during the discussion.

The Council will continue discussing the matter at its next meeting which has been brought forward to 2 and 3 March.

10/11.II.92

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URUGUAY ROUND - AGRICULTURAL ASPECTS

On the basis of a statement from the Commissioner Mr MAC SHARRY, the Council took stock of the position regarding negotiations within the Uruguay Round.

After restating its main concerns on the issue the Council confirmed the position adopted by the Community in December 1991 and January 1992 and reiterated its support for the Commission in further negotiations aimed at reaching a balanced and consistent result.

The Council agreed to enter this item on the agenda of its next meeting.

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OTHER DECISIONS RELATING TO AGRICULTURE

The Council adopted

- the Regulation amending Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats.

This amendment is intended to adjust the definitions of virgin olive oil so as to harmonize them with those adopted by the International Olive Oil Council.

- the Decision amending Decision No 90/218/EEC on the placing on the market and administration of Bovine Somatotrophin (BST). This will extend the ban on marketing or administering BST to dairy cows until 31 December 1993.
- the Directive amending and updating Directive 77/99/EEC on health problems relating to intra-Community trade in meat products and amending Directive 64/433/EEC. Political agreement on this important Directive establishing harmonized health rules for the production and placing on the market of meat products and by-products of slaughtering was reached at the Agriculture Council on 27-28 January 1992 (see press release No 4025/92, Presse 7).







Bruxelles, le 7 fevrier 1992

NOTE BIO (92) 28 AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU SERVICE DU PORTE PAROLE

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**Council of Agricultural Ministers, (Brussels, 10,11 February 1992)**  
**(Gerard Klely)**

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The Council of Agricultural Ministers will take place on Monday Feb 10 at 15h and continue on Tuesday and possibly Wednesday. The discussions will focus on the reform of the CAP with the objective of advancing the dossier further towards a conclusion.

During the last Council meeting the Presidency submitted a working paper which focused on the areas which in the Presidency's opinion presented the greatest difficulties for Ministers, with a view to establishing how these difficulties may be overcome.

Certainly progress was made on the basis of this document with many Ministers indicating that some of the suggestions would help the Council reach conclusions.

The Presidency may present a further more detailed working paper to the next Council, possibly elaborating on the ideas already put forward. Mr Mac Sharry has indicated on a number of occasions that a Council decision on CAP reform is urgent, not alone from a market management point of view but also to give farmers sufficient advance notice of the impending changes in policy to allow them to adjust if necessary and to eliminate the present uncertainty confronting them.

This Council is also important in that it may influence the content of the 1992/93 price package proposals.

Mr Mac Sharry has stated on a number of occasions that in the absence of a serious commitment by Ministers to reach conclusions soon that he may have no choice but to propose a price package to the Commission including price and quota reductions - without compensation.

It is worth noting that the agricultural guarantee budget for 1992 of ECU 35.039 b is at the budgetary discipline guideline i.e. absolute limit of expenditure. Therefore should a problem arise in any sector resulting in unforeseen expenditure the Commission has a legal obligation to take action to ensure that the guideline is not exceeded. Such action could result in further downward pressure on agricultural prices and farm incomes.

**GATT**

This item is on each Agricultural Council agenda. Given that Council was updated on the situation in the negotiations by Mr Mac Sharry only two weeks ago there is little to report in terms of recent developments.

Amities

  
B. Dethomas



Brussels, 11 February 1992

NOTE BIO (92) 28 (suite 1) AUX BUREAUX NATIONAUX  
CC.: AUX MEMBRES DU SERVICE DU PORTE PAROLE

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Council of Agricultural Ministers, Brussels, 10 February 1992  
(G. Kiely)

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Following the adoption of the agenda and the list of A Items the Council had a discussion on the progress of the GATT negotiations.

Mr Mac Sharry gave a brief account of the discussions he and Vice-President Andriessen had with Mr Dunkel and informed the Council that it was made "abundantly clear" how dissatisfied the Community was with the Dunkel Paper and that it would have to be substantially modified before the Community could accept it. In particular, modifications would be required in the area of Green Box definition, rebalancing, volume commitments on exports, coherence of commitments on market support, export subsidisation and import access, and the peace clause. He emphasised to Mr Dunkel that the GATT document was negatively biased against the Community and made little attempt at sharing the "burden of effort" to be made between the main contracting parties.

During the discussion Ministers did not enter into details, given that they had already made their detailed positions clear. Many did however emphasise the need for solidarity in the Commission position over the next weeks to ensure that any conclusion to the negotiation recognises the vital interests of Community agriculture.

#### **CAP Reform:**

The Presidency put forward a "Presidency Working Paper" with some suggestions as to how the Commission CAP Reform proposals might be modified in a manner which could overcome the main problems cited by Ministers during previous discussions. The Council started the discussion on the cereals sector - in restricted sector. Commenting on the Working Papers' suggestions on cereals, Mr Mac Sharry said that any changes to the Commission's proposals would have to fit into the budget framework and while the ideas put forward did not at first sight appear to have major budgetary implications, there were clear limits on the extent to which the overall package of measures could be amended.

A priority he said was to devise mechanisms which would control production and increase competitiveness. Against this background the Commission is prepared to be flexible.

Ministers' reactions to the Presidencies' proposals on cereals were broadly positive. A minority of them insisted that compensation for price cuts should be temporary, selective and degressive and hence could not agree with the thrust of either the Commission proposals or the Presidencies modification of them. Most Ministers however felt that the Presidencies reference to adequate compensation for price cuts was going in the right direction, although they consider a 35% price cut to be too extreme. "Wider compensation for set-aside" was also generally welcomed although some Ministers did not accept a link between this and the actual

cereal price reduction. A number of Ministers said that set aside compensation should apply to all set-aside land and some argued that there should not be any exemptions from the set-aside obligation or else that the exemption should apply only to very small producers e.g. farmers with less than 5-10 ha of arable crops.

The proposal to strengthen Community preference was generally supported although some urged a higher threshold target price margin than 30 ECU. On the question of establishing a "base area" a majority of Ministers prepared to consider the principle, but were concerned as to how it may be established and administered in a flexible manner - this matter should be examined further at a technical level.

Reacting to the Ministers' comments Mr Mac Sharry pointed out that the Community price for wheat is \$ 228/tonne while world market prices are \$ 135 - how long he asked did Ministers believe the price differentials could be maintained. Unless prices are cut Community products will continue to lose their market internally and externally - a price cut of 35% for cereal is necessary. He urged Ministers to face reality and realise that radical decisions are needed in the interest of Community farmers and the whole agricultural sector.

Amitiés,

  
B. Dethomas

Brussels, 11 February 1992

NOTE BIO (92) 28 (suite 2 et fin) AUX BUREAUX NATIONAUX  
CC.: AUX MEMBRES DU SERVICE DU PORTE PAROLE

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Council of Agricultural Ministers, Brussels 11 February 1992  
(G. Klely)

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The Council resumed their discussion on the basis of the Presidency Working Paper.

**MILK:**

Regarding the proposed milk quota reduction many Ministers feel that decisions should be taken on this each year in the light of the market situation and that an effective voluntary cessation scheme should operate.

While some Ministers question the need for both a quota and price cut, many recognise the need for a reduction in butter prices.

A few Ministers would prefer if the dairy cow premium was not introduced at all but most would insist on a premium if prices are reduced - with some reservations on the need to respect the 2 lu/ha stocking rate before benefitting from the premium and the fact that a higher stocking rate would exclude producers totally from the premium.

While those countries seeking an increase in milk quotas welcome the Presidency reference to "certain regional situations" being taken into account, many Ministers emphasised that there could be no national increase in quota.

**BEEF:**

This sector continues to present many problems in terms of finding common ground.

Many Ministers support the idea of certain limits on intervention purchases in one form or another, for example making it available only on a seasonal basis, intervention for only half carcasses or a fixed amount per year - a ceiling of 250,000 tonnes per year by 1996 was suggested during the discussion (1m tonnes were sold into intervention in 1991).

The relaxation in the stocking rate criteria for premia eligibility was generally welcomed, although a minority of Ministers argued in favour of certain national production peculiarities being taken into account. Others suggested that the premium should be paid on 2 lu/ha equivalent anyway - even if stocking density is higher, which others favour a more graduated premium for farmers with high stocking rates. (a minority believe that there should not be any premium).

A few Ministers suggested that the premium should be paid on the basis of forage area - to help overcome administrative problems.



Payment of the beef premium in two instalments was broadly welcomed, although some Ministers suggested one payment only.

A majority of Ministers consider the payment of premiums on the basis of numbers eligible in an historic reference year to be worth further consideration.

#### **SHEEPMEAT:-**

The Presidency's suggestions on sheepmeat were broadly welcomed with minor reservations i.e.

- the eligibility limit of 350 head for non-less-favoured areas is too low (2 Ministers)
- that there should be a payment of a percentage of the premium on sheep numbers over the 1000 limit in LFA's (one Minister)
- that the 1000 head limit in LFA's is too high (one Minister)
- that the reference year for numbers of sheep eligible for the premium should be 1988 or 1989 (two Ministers).

There are however no insurmountable problems in this sector although further technical discussions are necessary on rights to premia and its link with the land etc.

#### **TOBACCO:-**

Ministers representing tobacco producing countries welcomed the Presidency compromise as a step in the right direction - but not enough. Some argued that since the Community is not self sufficient quotas should not be cut but rather redistributed in favour of those varieties in demand. Arguments were also made in favour of maintaining export refunds and intervention should the need arise. On the other hand some Ministers described the regime as expensive and argued that the Commission's proposals were the minimum required.

#### **ACCOMPANYING MEASURES:-**

Ministers reactions to these proposals were generally positive. The only important questions arising here are:

- should they be financed from the guidance or guarantee fund
- should they be obligatory - some Ministers are particularly reluctant to accept that the farm retirement scheme should be obligatory.

#### **Summary:-**

The general view of the meeting was that the Council had taken an important step forward on reform with Ministers focusing and taking positions on details rather than principles. The Presidency working paper helped to narrow down the main obstacles to a conclusion - many of which are based more on technical or administrative concerns rather than policy issues.





Responding Mr Mac Sharry said that he found the discussion positive and constructive and that the whole dossier had taken an important step forward. He felt that a more detailed working paper for the next Council would help to advance the Council further towards conclusions.

The Presidency decided to establish a high-level group (Director General level) which will attempt to resolve some of the more important technical questions, (meets for first time today - Tuesday 11th) while the Special Committee on Agriculture will also continue to work on the dossier.

The next Council has also been brought forward to March 2nd - to avoid the CAP Reform discussion being affected by the 1992/93 price package discussion.

**A.O.B.**

1. Set-aside regulation for green and yellow fallow (set-aside expires in April - will it be renewed (DK)?)

Mr Mac Sharry informed the Council that the Commission will propose the renewal of the regulation and it will be retroactive to 1.4.1992.

2. Problem with adulteration of Italian wines (Ger)

Italy assured Council that all information requested by Member States would be provided.

Mr Mac Sharry said that the Commission was in contact with the Italian authorities on the matter and were monitoring the situation.

3. Should there be restrictions on blending of wines (Fr)?

Commission will consider this in the context of its proposal for the reform of the wine regime which will be put forward to Council later this year.

4. Removal of levies on rice imports from the OCT's (Italy) - Mr Mac Sharry said that he was aware of the problem and that the services were studying the situation.

5. When will proposed structural measures be available for the soft fruit industry (UK)?

According to Mr Mac Sharry, the Commission will submit its study of the industry and implications of imports to Council plus a proposal to help the industry by 1.4.1992 - for adoption before June 1992.

Amitiés,

  
B. Dethomas

