

GRS 600

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FM UKREP BRUSSELS

TO DESKBY 240900Z FCO

TELNO 234

OF 231915Z JANUARY 86

FRAME AGRICULTURE

1986 AGRICULTURAL PRICE PROPOSALS.

SUMMARY

1. ANDRIESSEN'S PROPOSALS ENVISAGE A PRICE FREEZE AS THE GENERAL RULE, IMPLEMENTATION OF THE CEREALS AND BEEF MEMORANDA, USE OF MCAS TO MAKE A SETTLEMENT EASIER, RESPECTING THE FEOGA BUDGETARY GUIDELINE IN 1986 BUT BREACHING IT IN 1987, AND A SEPARATE STOCK DISPOSAL POLICY OUTSIDE THE GUIDELINE.
2. COMMISSION TO DISCUSS THE PACKAGE ON 29 JANUARY.

DETAIL

3. WE HAVE BEEN GIVEN THE FOLLOWING INFORMATION IN CONFIDENCE AND ON THE STRICT UNDERSTANDING THAT OUR KNOWLEDGE OF IT IS NOT REVEALED IN OUR LOBBYING OF THE COMMISSION OR COMMISSION SERVICES.
4. ANDRIESSEN OUTLINED HIS PRICE PROPOSALS AT YESTERDAY'S COMMISSION MEETING. WE DO NOT YET HAVE FULL DETAILS BUT THE FOLLOWING POINTS FORM PART OF THE PACKAGE:

CEREALS: PRICE FREEZE WITH IMPLEMENTATION OF MEMORANDUM RECOMMENDATIONS (INCLUDING PRICE ABATEMENTS FOR LOW QUALITY AND CO-RESPONSIBILITY LEVY): IF COUNCIL FAIL TO AGREE THE LEVY, EXISTING GUARANTEE THRESHOLD MECHANISM TO APPLY GIVING 5 PER CENT PRICE CUT.

OIL SEEDS: PRICE FREEZE BUT WITH TARGET PRICE BONUS FOR OO VARIETIES AND DECLARATION THAT AID WILL BE PAID ON OO VARIETIES ALONE FROM 1991/92 EXCEPT WHEN SEED IS DESTINED FOR TECHNICAL USE.

MILK: PRICE FREEZE WITH REDUCED QUOTAS RESULTING FROM OUTGOERS SCHEME CURRENTLY ON THE TABLE.

BEEF: PRICE FREEZE WITH IMPLEMENTATION OF THE MEMORANDUM RECOMMENDATIONS.

SHEEP: PRICE FREEZE FOR 1987, NO CHANGE IN SEASONAL SCALE, REPUBLIC OF IRELAND AND N IRELAND TO BECOME A SINGLE REGION, ANNUAL PREMIUM THROUGHOUT EC TO BE CONFINED TO FIRST 500 EWES OR FIRST 1000 IN LESS FAVOURED AREAS.

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TOBACCO; FRUIT AND VEGETABLES: SELECTIVE PRICE CUTS.

MCAS: NO CHANGE IN GERMAN AND DUTCH POSITIVE MCAS, GREECE'S  
NEGATIVE MCAS HALVED, ALL OTHERS ABOLISHED.

5. IT APPEARS THAT THE PROPOSALS ARE PRESENTED AS FALLING WITHIN  
THE FEOGA GUIDELINE FOR THE 12 IN 1986 BUT LEADING TO PROBLEMS IN  
1987. THERE IS ALSO REFERENCE TO AN INTERVENTION STOCK DISPOSAL  
PROGRAMME COSTING 1-1.5 BECU OVER 3 YEARS AND FALLING OUTSIDE THE  
GUIDELINE.

6. ANDRIESSEN IS REPORTED TO HAVE SAID THAT A SETTLEMENT IS NOT  
LIKELY BEFORE 1 APRIL BECAUSE THE PARLIAMENT IS UNLIKELY TO HAVE  
DELIVERED AN OPINION BEFORE THEN. COMMISSION CABINETS WILL DISCUSS  
THE PROPOSAL OVER THE WEEKEND WITH EXPECTATION OF AGREEMENT AMONG  
COMMISSIONERS ON THE FINAL PACKAGE NEXT WEEK OR THE WEEK AFTER.

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FCO ADVANCE TO:

FCO - WALL, HARRISON.

CAB - MCADAM.

MAFF - ANDREWS, HADLEY, MYERS, DICKINSON, MRS ARCHER, WENTWORTH,  
BURNE, HOLLIS.

TSY - BUTT.

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(ADVANCED AS REQUESTED)

2.  
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