

GRS 1000

UNCLASSIFIED

FM PARIS

TO PRIORITY F C O

TELNO 187

OF 191653Z FEBRUARY 86

INFO PRIORITY OTHER EUROPEAN COMMUNITY POSTS

FRAME AGRICULTURE

FRENCH REACTION TO CAP PRICE PROPOSALS

SUMMARY

1. ANGRY REACTIONS FROM PRODUCER ORGANIZATIONS TO CAP PRICE PROPOSALS. OPPOSITION PARTIES USE THEM TO DENOUNCE THE ABSENCE OF A CAP CAPABLE OF MEETING FRENCH INTERESTS. NO EXPECTATION OF EARLY PROGRESS.

DETAIL

2. UNIFORMLY HOSTILE REACTIONS HAVE COME FROM FRENCH FARMING ORGANIZATIONS TO THE COMMISSION'S CAP PRICE PROPOSALS, CONDEMNED AS UNACCEPTABLE, EVEN PROVOCATIVE, ON ALL SIDES. THESE CRITICISMS COME AGAINST THE BACKGROUND OF A FALL IN FRENCH FARM REVENUE IN 1985 OF 7 TO 8 PERCENT IN REAL TERMS, FEAR FOR THE FUTURE OF EXPORT MARKETS WITH INCREASING US COMPETITION, AND IN THE ELECTION CONTEXT STRONG OPPOSITION CRITICISM OF THE SOCIALIST GOVERNMENT'S NEGLECT OF AGRICULTURE AND FAILURE TO SAFEGUARD FRENCH INTERESTS IN BRUSSELS.

3. THE COMMISSION'S PRICE PROPOSALS HAVE GIVEN GUILLAUME, PRESIDENT OF THE FNSEA, YET ANOTHER STICK WITH WHICH TO BEAT THE GOVERNMENT, ADDING TO THE LIST OF GRIEVANCES ON WHICH PRODUCERS ARE BEING CALLED TO SPEAK OUT IN A SERIES OF FNSEA-INSPIRED DEMONSTRATIONS UP AND DOWN THE COUNTRY IN THE RUN-UP TO THE MARCH 16 ELECTIONS. DENOUNCING THE PACKAGE AS PRICE CUTS MASQUERADING AS A PRICE FREEZE, GUILLAUME HAS SAID THAT SUCH IS THE GAP BETWEEN THE COMMISSION'S PROPOSALS AND THE NEEDS OF PRODUCERS THAT THERE IS NO BASIS FOR A SENSIBLE

DIALOGUE. IN ANY CASE, THE REAL NEGOTIATIONS WILL BEGIN AFTER 16 MARCH AND BE HANDLED BY A NEW FRENCH GOVERNMENT, WHO IT IS IMPLIED WILL NOT REGARD THESE PROPOSALS AS A STARTING POINT FOR DISCUSSION.

4. A SIMILARLY STRONG LINE IS TAKEN BY THE CHAMBERS OF AGRICULTURE, WHO CONDEMN UNEQUIVOCALLY NOT ONLY THE PRICE PROPOSALS BUT ALSO THE PROPOSED DISMANTLING OF BEEF INTERVENTION ARRANGEMENTS, THE CEREALS CO-RESPONSIBILITY TAX WITHOUT A STATEMENT OF INTENT ON ITS USE FOR DEVELOPING NEW OUTLETS, AND THE FURTHER WEAKENING IN THE MARKET REGIMES FOR FRUIT AND VEGETABLES AND WINE IN THE FACE OF SPANISH COMPETITION. THE YOUNG FARMERS' ORGANIZATIONS HAVE BEEN EQUALLY VOCIFEROUS.

5. IN THE ELECTION CONTEXT, JEAN-CLAUDE PASTY, AGRICULTURE SPOKESMAN FOR THE RPR, HAS SAID HIS PARTY REJECTS THE COMMISSION'S PRICE PROPOSALS OUT OF HAND. A PRICE FREEZE OR PRICE CUTS FOR A THIRD CONSECUTIVE YEAR WAS CONTRARY TO THE OBJECTIVE OF THE ROME TREATY WHICH REQUIRED THE CAP TO GUARANTEE A FAIR STANDARD OF LIVING OF FARMERS. THE CAP WAS BEING MANAGED ON PURELY BUDGETARY CRITERIA WITHOUT ANY DEFINITION OF MEDIUM OR LONG-TERM OBJECTIVES FOR EUROPEAN



EUROPEAN AGRICULTURE. PASTY HAS REINFORCED HIS PARTY'S COMMITMENT TO STRENGTHENING THE PRINCIPLE OF COMMUNITY PREFERENCE, SINGLING OUT IMPORTS FROM NEW ZEALAND, THE ARGENTINE AND THE US AS PARTICULAR TARGETS. A NEW FRENCH GOVERNMENT WILL INSIST THAT THE FUNDAMENTAL PROBLEMS OF THE CAP ARE ADDRESSED. A PRICE INCREASE OF THE ORDER OF 5 PERCENT, WITH PRIORITY GIVEN TO BEEF AND MILK, WOULD IN PASTY'S VIEW BE EASILY JUSTIFIED.

6. NALLET, NOW ON THE CAMPAIGN TRAIL, HAS ADDED HIS VOICE TO THE CHORUS OF CRITICISM OF THE COMMISSION'S PROPOSALS, THOUGH HE HAS BEEN CAREFUL TO AVOID TOO FIRM A COMMITMENT IN TERMS OF PRICE OBJECTIVES, CONFINING HIMSELF TO SAYING THAT PRICES MUST TAKE ACCOUNT OF THE MARKET SITUATION, PRODUCER INCOMES AND THE FIGHT AGAINST INFLATION. HE CONCLUDES IN FAVOUR OF A PRICE SETTLEMENT BETWEEN ZERO AND 2 PERCENT. NALLET HAS CRITICIZED THE COMMISSION FOR ACTING PRECIPITATELY (ESPECIALLY IN RELATION TO PROPOSED CHANGES IN THE BEEF REGIME), FOR LACKING ANY CLEAR PERSPECTIVE FOR THE FUTURE OF EUROPEAN AGRICULTURE, AND FOR FAILING TO RECOGNISE THE SERIOUSNESS AND IMMEDIACY OF THE THREAT OF US COMPETITION ON WORLD MARKETS.

7. ON CEREALS, NALLET HAS TAKEN UP A CAUTIOUS POSITION ON THE PROPOSED CO-RESPONSIBILITY TAX, SAYING ONLY THAT HE FIRST NEEDS TO KNOW FOR WHAT END USES THE TAX WAS BEING COLLECTED. AS A LAST RESORT HE WOULD NOT OPPOSE SUCH A TAX ON CONDITION THAT EXEMPTION WAS PROVIDED FOR PRODUCERS OF 25 TONNES OR LESS.

8. THERE IS NO SERIOUS EXPECTATION HERE OF ANY PROGRESS ON THE PRICES DOSSIER BEFORE 16 MARCH, INDEED AN EVIDENT WISH ON THE PART OF THE FARMING ORGANIZATIONS THAT IT BE TAKEN UP BY A GOVERNMENT OF THE RIGHT WHO WOULD THEN HAVE TO REDEEM THE PLEDGES OF THE ELECTION CAMPAIGN TO REVERSE THE YEARS OF SOCIALIST NEGLECT OF AGRICULTURE. NALLET CONTINUES TO MAINTAIN HOWEVER THAT HE WILL NEGOTIATE SERIOUSLY ON PRICES AT THE FORTHCOMING AGRICULTURE COUNCIL IN THE HOPE OF REACHING AN EARLY SETTLEMENT.

9. FCO PLEASE ADVANCE PRIORITY TO HADLEY AND WENTWORTH, MAFF

FRETWELL

FRAME AGRICULTURE

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[ADVANCED AS REQUESTED]