

UNCLASSIFIED

FM BONN

TO IMMEDIATE FCO

TELNO 196

OF 051545Z MARCH 86

INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY PARIS, THE HAGUE

INFO ROUTINE ATHENS, BRUSSELS EMBASSY, COPENHAGEN, DUBLIN, LISBON

INFO ROUTINE LUXEMBOURG, MADRID, ROME

INFO SAVING CG HAMBURG, CG DUSSELDORF, CG MUNICH, CG FRANKFURT

An indication of what we are up against.

FRAME AGRICULTURE

THE CAP AND THE FRG

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SUMMARY

1. CDU/CSU ADOPT A PAPER ON AGRICULTURE WHICH REJECTS PRICE CUTS AND PROPOSES MEASURES FOR SMALL FARMERS. KIECHLE SPEAKS OF NATIONAL AIDS OF UP TO DM 1 BILLION IF THINGS GO AGAINST THE FRG IN BRUSSELS. THE GERMAN PRESS IS CRITICAL, BUT THE PAPER IS LARGELY ACCEPTED BY THE FDP, AND CRITICISM FROM THE OPPOSITION IS MUTED.

DETAIL

2. A JOINT COMMITTEE OF THE CDU AND CSU UNDER THE CHAIRMANSHIP OF THE CDU MINISTER-PRESIDENT OF LOWER SAXONY, ALBRECHT, HAS DRAWN UP A PAPER ON THE CAP WHICH HAS BEEN ADOPTED AS THE UNION PARTIES' POLICY. IT LAYS HEAVY EMPHASIS THROUGHOUT ON THE INTERESTS OF THE SMALL FAMILY FARM, REJECTS PRICE CUTS AND THEIR REPLACEMENT BY DIRECT INCOME SUPPORTS, AND ARGUES THAT FARM INCOMES SHOULD CONTINUE TO BE SUPPORTED BY AN 'ACTIVE PRICE POLICY'. IT FAVOURS THE REDUCTION OF SURPLUSES THROUGH VOLUNTARY SET-ASIDE SCHEMES FOR ELDERLY FARMERS, PAYMENTS FOR MAINTENANCE OF THE ENVIRONMENT AND THE DEVELOPMENT OF NEW MARKETS EG. FOR PROTEIN AND INDUSTRIAL CROPS (BIOETHANOL, INDUSTRIAL STARCHES AND FIBRES). FURTHER DETAILS FOLLOW.

3. SOME 200 FARMERS DEMONSTRATED YESTERDAY OUTSIDE THE BONN OFFICE OF THE GERMAN FARMERS' ASSOCIATION WHERE KIECHLE WAS MEETING THE ASSOCIATION'S COUNCIL. AS HE CONFIRMED LATER IN A TELEVISION INTERVIEW, HE TOLD THE ASSOCIATION THAT IF NEGOTIATIONS OVER THE CAP IN BRUSSELS DID NOT SQUARE WITH THE CDU/CSU'S POLICY, HE WOULD CONSIDER TOGETHER WITH THE FEDERAL CHANCELLOR, THE FINANCE MINISTER AND THE PARTY CHAIRMEN TRANSITIONAL EMERGENCY MEASURES AT NATIONAL LEVEL TO RELIEVE THE LIQUIDITY PROBLEMS OF GERMAN FARMERS. STUDIES BY THE AGRICULTURAL MINISTRY SHOWED THAT ON A WORST CASE AIDS OF UP TO DM 1 BILLION COULD BE NECESSARY, BUT THEY WERE RECKONING ON A LOWER FIGURE OF THE ORDER OF DM 100 MILLION OR UPWARDS. IT DEPENDED, KIECHLE SAID, ON THE NEGOTIATIONS IN BRUSSELS.

4. THE CHAIRMAN OF THE FARMERS ASSOCIATION, HEEREMANN, HAS DESCRIBED THE MEETING WITH KIECHLE AS A 'SMALL STEP FORWARD'.

5. THE FDP HAVE WELCOMED THE UNION PARTIES' CAP PAPER AS BEING MORE OR LESS ON THE RIGHT LINES. GALLUS, THE FDP PARLIAMENTARY STATE SECRETARY IN THE FEDERAL AGRICULTURE MINISTRY, HOWEVER EXPRESSED DISAPPOINTMENT THAT THE CDU/CSU ENVISAGED A GREATER FINANCIAL BURDEN FOR THE LAENDER, AND PROPOSED INSTEAD THAT ADDITIONAL COSTS BE BORNE BY THE FEDERAL BUDGET.

6. THE GREENS HAVE CRITICISED THE CDU/CSU PAPER FOR NOT DOING ENOUGH FOR THE SMALL FARMERS, AND HAVE PROPOSED INSTEAD A CEREAL PRICE INCREASE OF FIVE PERCENT, FURTHER FINANCIAL AIDS FOR AGRICULTURE AND A PACKAGE OF MEASURES DESIGNED TO DISCRIMINATE IN FAVOUR OF SMALL FARMS AND LOW INPUT FARMING.

7. ONLY THE SPD HAS CRITICISED THE BASIC APPROACH OF THE PAPER, MAINLY ON THE GROUNDS THAT THE CDU/CSU PRICE POLICY DID NOT APPLY THE GREATEST HELP TO THOSE IN THE GREATEST NEED, AND AROUSED EXPECTATIONS WHICH IT WOULD BE IMPOSSIBLE TO FULFIL. THE SPD AGRICULTURAL SPOKESMAN ALSO CAST DOUBT ON BIOETHANOL AND ALTERNATIVE OUTLETS FOR AGRICULTURAL PRODUCTS AS A PRACTICAL MEANS OF REDUCING SURPLUSES.

8. WITH ONLY MINOR EXCEPTIONS, THE CDU/CSU APPROACH HAS RECEIVED A POOR PRESS HERE. PAPERS ACROSS THE POLITICAL SPECTRUM, INCLUDING CONSERVATIVE HEAVYWEIGHTS SUCH AS THE FRANKFURTER ALLGEMEINE AND HANDELSBLATT, CRITICISE IT AS A PANICKY ATTEMPT TO REGAIN FARMING VOTES IN A MANNER CONTRARY TO THE INTERESTS OF THE GERMAN TAXPAYERS AND TO THE PRESSING NEED FOR CAP REFORM. ONE OR TWO PAPERS CLAIM THAT THE CDU/CSU'S POLICY IS AN OWN GOAL: THE FARMERS WILL NOW CONTINUE TO BOYCOTT LOCAL ELECTIONS BECAUSE THE CDU/CSU HAVE DEMONSTRATED THAT THEY SUCCUMB TO BLACKMAIL, BUT THE FARMERS HAVE NO ALTERNATIVE POLITICAL PATRONS ON OFFER, AND WILL NOT RISK ABSTAINING AT THE FEDERAL ELECTIONS.

9. COMMENT IN MIFT.

BULLARD

FRAME AGRICULTURE
ECD (1)