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ACTION STR-04

INFO OCT-01 EUR-12 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-08 ARA-06 EA-07 NEA-10 OIC-02 /139 W

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R 261848Z JUL 76
FM USDEL MTN GENEVA
TO SECSTATE WASHDC 1445
INFO USMISSION EC BRUSSELS

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ACTION STR

E.O. 11652; N/A
TAGS: ETRD, GATT, MTN
SUBJECT: MORE ON US/EC AG DISPUTE

REF: A) USEC BRUSSELS 7256, B) MTN GENEVA 5866, C) MTN
      GENEVA 5649

1. MTN DEL SHARES CONCERN ATTRIBUTED TO SOAMES ABOUT
"DETERIORATION IN GENEVA ATMOSPHERE" (REFTEL A). PARA 1
OF THAT MESSAGE, HOWEVER, SUGGESTS SOAMES MAY BE GETTING
ONE-SIDED VERSION OF RECENT EVENTS -- I.E., HE MAY HAVE
LEARNED WHAT FOREIGN REPS HAVE BEEN SAYING AT RECENT MTN
MEETINGS BUT NOT THE CONTEXT IN WHICH SUCH STATEMENTS
HAVE BEEN MADE AND, PARTICULARLY, NOT WHAT EC REPS HAVE
BEEN SAYING TO PROVOKE THINGS. WE BELIEVE IT MAY BE
USEFUL TO HAVE USEC GET BACK TO SOAMES BEFORE THE
AUGUST HOLIDAYS TO PUT RECENT DEVELOPMENTS IN BETTER
PERSPECTIVE. THE BASIC MESSAGE WE WANT TO TRY TO GET
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ACROSS TO SOAMES IS THAT WE FOR OUR PART HAVE BEEN
TRYING TO COOL IT IN ACCORDANCE WITH EARLIER UNDERATANINGS WITH THE EC, THAT WE HAVE NOT BEEN EGGING ON THE AUSTRALIANS, AND THAT WE HAVE NOT SOUGHT TO INITIATE THE RECENT FLARE-UPS. INSTEAD HAVE FOUND OURSELVES COMPELLED TO DEFEND OURSELVES AGAINST EXCESSIVE ASSESSMENTS BY EC REPS AND/OR INACCURATE EC REINTERPRETATIONS OF PREVIOUS AGREEMENTS.

2. US AND EC AGREED AT DEN-SOAMES LEVEL JAN 22 THAT WE SHOULD MANAGE AGRICULTURAL ISSUES ARISING BOTH IN GROUP AGRICULTURE AND IN OTHER MTN GROUPS IN SUCH A WAY AS TO MINIMIZE CONFLICT; AS PART OF THIS IT WAS HOPE TO MINIMIZE AS MUCH AS POSSIBLE THE NUMBER OF LARGE MULTILATERAL MEETINGS ON AGRICULTURAL ISSUES. US FOR ITS PART HAS BEEN TRYING TO ACT IN ACCORDANCE WITH THIS AGREEMENT BUT WE HAVE NOT FOUND THIS POSTURE RECIPROCATED BY EC IN RECENT MONTHS. EXAMPLES:

(A) EC DID INDEED APPROACH US PRIVATELY ON JUNE 25 TO SUGGEST GROUP AG SHOULD MEET IN JULY. OUR VIEW WAS SUCH A MEETING WAS UNNECESSARY AND RAN RISK OF ESCALATING RATHER THAN SOLVING PROBLEMS. THEREFORE, PURSUANT TO JANUARY AGREEMENT, WE DISCOURAGED EC FROM PROCEEDING. DESPITE THIS, EC THEN PRECIPITATED INFORMAL JUNE 29 MEETING WHERE, IT BECAME OBVIOUS, THERE WAS NOT MUCH SUPPORT FOR A GROUP AGRICULTURAL MEETING WHERE NOT MUCH COULD BE ACCOMPLISHED. IN THE FACE OF THIS ATTITUDE, EC DID NOT CALL FOR GROUP AGRICULTURAL MEETING TO BE CONVENED.

(B) THE PROCEDURAL IMPASSE IN NTM PARENT GROUP WAS NOT UNEXPECTED AND, INDEED, EC GAVE US A FULL WEEK'S ADVANCE NOTICE (REFTEL B) THAT IT WOULD BLOCK ALL ACTION AT THAT MEETING ON ANY PROPOSAL WITH AGRICULTURAL IMPLICATIONS, EVEN FACTUAL COLLECTION OF DATA. MOREOVER, EC ADVISED US IN ADVANCE THAT IT HAD DECIDED IT COULD NO LONGER TOLERATE THE TRADITIONAL LIMITED OFFICIAL USE

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NEUTRAL STAND-OFF LANGUAGE WE HAVE BEEN USING TO GET OVER AG PROCEDURAL HUMPS TO DATE. SOAMES SHOULD BE INFORMED THAT IT WAS NOT US WHO DECIDED TO GIVE UP ATTEMPT TO GLOSS OVER OUR DIFFERENCES BUT EC WHO DECLINED TO DO. US MTN DEL WAS IN TOUCH WITH EC SPOKESMAN NUMEROUS TIMES TO SEEK NEUTRAL LANGUAGE -- THE LAST TIME AS RECENTLY AS ONE HALF HOUR
BEFORE START OF NTM PARENT GROUP WHERE US REP URGED THAT IT WOULD BETTER SERVE BOTH OF OUR LONG-RUN INTERESTS IF WE COULD SIDE STEP THE MINI-CONFRONTATION BOTH KNEW WAS COMING LATER THAT DAY; WE SPECIFICALLY PROPOSED DIFFICULTY BE FINESSED BY OMITTING ANY REFERENCE TO PRODUCT COVERAGE AS HAD BEEN DONE FOR NOTIFICATION/CONSULTATION PROCEDURES IN QR SUBGROUP OR BY REFERRING TO DECEMBER TNC CHAIRMAN'S SUMMING-UP.

(C) DURING COURSE OF NTM PARENT GROUP -- AFTER HAVING REJECTED NEUTRAL FORMULATION OF WORK PROGRAM -- EC SOUGHT TO LAY BLAME AT THE FEET OF THE AUSTRALIANS AND US BY IMPLYING WE WERE RESPONSIBLE FOR BLOCKING A MEETING OF GROUP AGRICULTURAL WHICH EC HAD PROPOSED AND THEREFORE WE HAD CREATED THE PROBLEM. AUSTRALIA AND US THEN BOTH REPLIED THAT THEY WERE NOT AWARE OF ANY PROPOSAL FOR SUCH A MEETING. LUYTEN GOT ANGRY ABOUT THIS, BUT IT WAS THE EC THAT PROVOKED THE ISSUE IN DISREGARD OF THE JANUARY US-EC UNDERSTANDING AND DESPITE THE FACT IT HAD NOT IN FACT PROPOSED A GROUP AGRICULTURAL MEETING AT JUNE 29 SESSION IN PATTERSON'S OFFICE.

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FM USDEL MTN GENEVA
TO SECSTATE WASHDC 1446
INFO USMISSION EC BRUSSELS

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ACTION STR

(D) EC REPS IN SEVERAL DIFFERENT GROUPS HAVE RECENTLY BEGUN TO CHARGE IN OPEN MEETINGS THAT US IS RESPONSIBLE FOR AGRICULTURAL PROCEDURAL PROBLEMS BECAUSE WE DECLINE TO IMPLEMENT THE AGREED "OTHER PRODUCTS" PROCEDURE ADOPTED BY GROUP AGRICULTURAL LAST DECEMBER. WE FIND THIS COMPLAINT TO BE PARTICULARLY GALLING SINCE WE HAVE TOLD EC DELEGATION THAT THE REASON FOR THE HOLD-UP IS LACK OF EC RESPONSE TO OUR WRITTEN PROPOSAL OF MAY 25 ON HOW TO IMPLEMENT WHAT BOTH OF US AGREED TO LAST DECEMBER, NAMELY THAT WHENEVER BILATERAL CONSULTATIONS TAKE PLACE UNDER AUSPICES OF ANY GROUP, INFORMATION SHOULD BE COMMUNICATED IMMEDIATELY TO ALL GROUPS (MTN/W/24 PARA 4). DESPITE THIS, WE LAST WEEK CIRCULATED AG NOTIFICATIONS.

3. AN IMPORTANT CONTRIBUTING ELEMENT TO THE RECENT FLARE-UP HAS BEEN THE TONE AND CONTENT OF EC RESPONSE IN VARIOUS GROUPS TO AUSTRALIAN COMPLAINTS ABOUT EC AG POLICY AND NEGOTIATING POSTURE. AUSTRALIA HAS ADMITTEDLY BEEN PERSISTENT IN BRINGING UP NEW WAYS TO ATTACK VARIABLE LEVIES IN ALMOST EVERY MTN GROUP. RESPONSE BY EC REPS (ESPECIALLY AGRESSIVE ASSERTIONS BY JACQUOT IN MEAT AND DAIRY GROUPS IN PAST COUPLE OF WEEKS) HAVE NOT BEEN WELL CALCULATED TO "COLL IT" BUT HAVE DRAWN US INTO THE DEBATES DUE TO THE EXCESSIVE NATURE OF CLAIMS MADE BY EC ABOUT EARLIER AGREEMENTS, E.G., ASSERTIONS OF TOTAL AUTONOMY FOR GROUP AGRICULTURAL BASED ON START MISINTERPRETATIONS OF THE FAMOUS MAY 8 "COMPROMISE" AND WITH NO RECOGNITION OF THE US-EC AGREEMENT RECORDED IN CHAIRMAN'S SUGGESTION AT THE DECEMBER 1975 TNC.

4. SOAMES SHOULD BE PUT ON NOTICE THAT US BELIEVES EC HAS BEEN THE AGRESSOR AND BEARS THE MAJOR RESPONSIBILITY FOR DETERIORATING ATMOSPHERE IN GENEVA. AT SAME TIME, HE SHOULD BE TOLD WE CONTINUE TO THINK JANUARY UNDERSTANDING IS BOTH SENSIBLE AND IN OUR MUTUAL INTEREST AND THAT WE DO NOT WISH NOR HAVE WE SOUGHT TO PROVOKE A BREAKDOWN. RATHER, WE WOULD HOPE THAT TEMPERS WILL COOL.
DURING AUGUST BREAK SO DELEGATIONS CAN REGAIN BETTER SENSE OF BALANCE AS FALL SEMESTER BEGINS AND THAT WE CAN AVOID MUTUAL RECRIMINATIONS ON THESE DIFFICULT NEGOTIATING ISSUES. WALKER

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