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Summary of a speech given by Mr Frans Andriessen,
Vice-President of the Commission of the European Communities,
to the Assembly of the French Committee
for International Agriculture Relations.

Paris, 2 April 1986.

Mr Andriessen stated that there were no viable alternatives to a common agricultural policy properly related to market forces. As the Community was self-sufficient in agricultural products and needed to be able to export, its prices must come close to those of its main competitors, if the weight of export refunds chargeable to the Community's budget was not to be altogether excessive. At the same time, the policy on prices and the socio-structural policy must form part of a single pattern; they must operate along coordinated and convergent lines.

An excessively protectionist attitude on the part of the Community would be fraught with danger. A grouping which exports 15 million tonnes of wheat, 800 000 tonnes of barley and more than 12 million tonnes of milk equivalent could not present a strong case for protection against imports.

It was clear that the role of the Community as exporter must be maintained. As it was the world's main importer of agricultural products, and was running a deficit on agricultural products with the United States of several billion dollars, the Community could not accept Washington's gunboat diplomacy of the previous weekend. The Community would stick firmly to the principles of the CAP and to compliance with GATT rules.

It was very difficult to believe that the United States, having a very substantial agricultural surplus vis-à-vis the ten-country Community, could not appreciate the advantages which the membership of Portugal and Spain would entail, overall, for American exporters.

Now the Community could not accept that the United States should respond to the EEC's offers of negotiations under the relevant GATT procedure by singling out three individual problems, there defending sectional and vested interests at the expense of the general interest of the United States as a whole.

It must be clearly understood that the Community would not be intimidated, and that if the United States were to so far over-ride its international commitments as to take unilateral action in retaliation against the Community, the Community would itself have no choice but to respond.

Mr Andriessen still hoped, however, that reason and the rule of law would prevail, and that both sides would soon be taking their places at the negotiating table, which was what one would expect of partners fully aware of their obligations as well as their rights.

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The national policies, followed by the CAP, had been the victims of their own success. The postwar technology revolution was a fundamental development, unique of its kind. The replacement of labour and animal strength by machines had freed agriculture from a major constraint and boosted labour productivity. But the genetic revolution could well free agriculture from its last constraint - the land itself.

Farmers had improved their conditions. The fact that farm incomes had made gains in certain years was accounted for by relatively high prices and by record output figures. But this had meant sharp increases in stocks. The results of this now had to be faced : the book value of Community stocks now exceeded 10 000 million ECU, but their real value was not even 5 000 million ECU. The expenditure under the EEC market organisations had doubled in six years and the 20 000 million ECU appropriated for guarantee expenditure in the budget in 1986 was well short of forecast needs.

This brought Mr Andriessen to the core of the problem the CAP now had to contend with : the growing disequilibrium between supply and demand for major agricultural products. The cost of disposing of surpluses sometimes actually exceeded the income the farmer earned producing them.

Moreover, the need to dispose of part of these stocks was bound to affect world prices and was generating strain in Community relations with certain countries. In 1985 the Commission continued its active policy of exports of agricultural products. Tentative estimates put exports in that year at 34 000 million ECU, 8% up on 1984. This meant that the Community had consolidated its position on world export markets for agricultural products, with a share of 11%.

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A policy on prices, though always the key instrument, could not suffice by itself to achieve the objectives of the common policy. What is also needed is a policy on structures, which must grow in importance as policy on prices is tightened up in coming years.

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Supplementing the present policy on structures, Mr Andriessen planned to lay before the Commission in the same week a package of specific measures.

These included an early retirement scheme for farmers, dependent on :

- either the reallocation of land to non-agricultural uses,
- or, on certain conditions, the takeover of the farm by the son from his father.

The measures also strengthened the scheme for compensation for farmers in mountain and hill areas and less-favoured areas and introduced an aid for the protection of the natural environment.

There would also be schemes to assist young farmers and to intensify and enhance effectiveness of agricultural research and dissemination of information.

