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SUMMARY OF THE SPEECH BY MR FINN OLAV GUNDELACH, VICE-PRESIDENT OF THE
COMMISSION OF THE EUROPEAN COMMUNITIES, DURING THE SYMPOSIUM ORGANIZED
BY THOMASSEN & DRIJVER - VERBLIFA N.V., DEVENTER (NETHERLANDS)
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Mr Gundelach, Vice-President of the Commission of the European Communities, who is responsible for the agricultural and fisheries portfolios, stated today in Deventer that the agricultural surpluses, in the milk sector in particular, could pose insuperable budgetary problems for the Community. He went on to say that, even if the guaranteed prices for agricultural products were not increased, the Community's budgetary resources would no longer be adequate to cover the growing expenditure by the European Agricultural Fund in 1981, and this situation could arise already in 1980.

An increase in Community revenue - the Community's "own resources" which consist of customs duties and agricultural levies charged at the external frontiers and part of national VAT receipts - would not only have to be approved by the Council of Ministers but also ratified by all the national parliaments. Mr Gundelach felt that such ratification could encounter serious opposition if the problem of milk surpluses had not been satisfactorily tackled in the meantime. Taxpayers would not be prepared to provide more money to store even more butter than the 600 000 tonnes already in stock, or to export even more sugar than the 3 million tonnes disposed of last year on the world market with refunds almost as high as the value of the product. The milk sector alone already absorbed some 4 500 million ECU, or about 40% of the agricultural budget.

The agricultural surpluses had already had a very unfortunate effect on discussion of the Community budget, Mr Gundelach said. He feared that this effect could persist if, later, the Community's own resources had to be increased for reasons unconnected with agriculture, such as enlargement of the Community or development of a Community policy in other sectors.

Mr Gundelach stated that the problem of milk surpluses should be resolved as a matter of top priority. The Commission would shortly put forward new proposals, and would seek to continue its cautious price policy and to extend producer co-responsibility for the cost of milk surpluses. The existing unrestricted price guarantee for milk products could not be maintained, Mr Gundelach continued. He did not feel that national quotas or other quantitative restrictions could bring us any nearer to a solution of the surplus problems.

Apart from the worrying surpluses, Mr Gundelach felt that the common agricultural policy was sound and its cost acceptable. Every industrial society supported its agriculture for reasons of employment, social structure, food supply, etc. An additional reason for the Community was that, without the common agricultural policy, there would be no free market for industrial products and, therefore, no Community. Among the positive results of the common agricultural policy, from which both consumers and the food industry benefited, Mr Gundelach pointed to stable prices and security of supply. The guaranteed price increases had been very limited in the last few years and had not made any significant contribution to the increase in food prices. Large-scale production with ever-increasing efficiency within the Community protected us from unforeseeable fluctuations on the world market, Mr Gundelach stated. He also emphasised that, although world prices were lower, they would increase dramatically if the Community were to decide to increase its dependence on imports. The Community was already the world's greatest importer of foodstuffs.

However, none of these arguments should be employed to justify an autarchic, protectionist policy, Mr Gundelach considered. Our entire economic and democratic system depended on our capacity to trade in an open world economy. The Community had, accordingly, every interest in contributing to the stability of world trade and to an improvement in the political climate between trading nations. Mr Gundelach felt that the results achieved in this respect during the recent GATT negotiations were of almost historic importance: countries which had, in the past, attacked the common agricultural policy with ever-increasing virulence, now accepted it as a necessary condition for our free market in industrial products.