

**EMBARGO** : MERCREDI 11 JUILLET 1984  
13H00  
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Extracts from the speech address by  
Poul DALSAGER, Commissioner for Agriculture,

to the Annual General Meeting of the National  
Farmers' Union of Scotland.

Edinburgh, 11 July 1984  
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THE COMMON AGRICULTURAL POLICY HAS BEEN A GOOD THING FOR SCOTTISH  
AGRICULTURE.

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"Since 1974, for example, the Community's Farm Modernisation Directive has given financial backing to more than 8,500 farm plans in Scotland. Only last year, Scotland benefited from L 160 million in payments from Community funds for price support and aids to production and marketing. Over five years there is the L 20 million plan for development in the Western Isles, to which the EEC is contributing L 8 million. Meanwhile the boost for Scottish cereals producers from higher prices has been massive. The livestock sector has benefited from the Less Favoured Areas Directive, and more recently from the new sheep regulation. These are all examples of the tangible benefits which the Community has brought."

REFORM OF AGRICULTURAL POLICY : "IF THE COUNCIL HAD LISTENED SOONER,  
THE RESULTS FOR FARMERS WOULD HAVE BEEN LESS PAINFUL".

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"The introduction of quotas for milk production (...) has been the most difficult part of the whole package, not only for you in Scotland, but for milk producers everywhere in the Community. I make no secret of the fact that I would have preferred to solve the surplus problems for milk by other means - by a more restrictive policy for prices (...). But the Council (...) preferred to fix prices at higher levels, until we got to the point this year when a savage price cut of as much as 12 per cent would have been necessary.

That is why we were forced to go for quotas. At least they have permitted us to keep the common price for milk at its existing level (...). The alternative would have been, quite simply, the collapse of the market regulation for milk, under the weight of the surpluses.

When I refer to surpluses, some of you may say that the United Kingdom is not to blame, because it produces less milk than it consumes. at the figures, you will see that, after allowing for island butter, the United Kingdom's rate of last year was 103 per cent for butter fat, and 131 per -fat solids of milk. So it is surely fair for Britain's in the discipline to control production".

. A TOUGH PRICE POLICY : " THERE IS NO ALTERNATIVE !"

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"For the first time ever, the common prices in ECU were fixed by the Ministers at lower levels than the Commission proposed. For several products and for several countries - including this country - there were actual reductions in price support in national currency.

I know how difficult these price decisions are for you. Even if Britain's rate of inflation is among the lowest in the Community, you still have a severe cost/price squeeze. But, as realists, I think you will agree with me that there is no alternative to a tough price policy in the present crisis of the markets and the budget".

"What was decided in March this year was a historic step in the right direction. But it was only a step. It would be an illusion to think that the task of reform is completed."

. THE FUTURE OF THE COMMON AGRICULTURAL POLICY : MORE DECISIONS ON THE LINES OF THIS YEAR.

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"For prices and markets, I have to say that you must expect more decisions on the lines of this year. That means rigour. Even if the economy grows - as we hope it will - the population will not. The number of mouths and stomachs in Europe is practically stable.

Meanwhile outside Europe, the demand for our agricultural exports will depend on the capacity to pay, and the selling price of our exports will depend on world market prices. That means our possibility for export will depend very much on the Community's capacity for financing exports, and on the gap between our prices and world prices.

Above all, that is true for cereals. Unless we succeed in our policy of making Europe's cereals more competitive, both inside and outside the Community, by a more realistic price policy which helps to bring supply and demand more into line, then we shall be driven to find other solutions in this sector.

Do not ask me to speculate on what those alternatives would be. Let me just remind you of our experience with milk : for too long we neglected the consequences of fixing prices each year at higher levels, for too long we delayed the need for painful but prudent action to bring supply and demand back into line. Let us not repeat that mistake for cereals".

. WHAT IS THE PROSPECT FOR FARMING ? A NEW STRUCTURES POLICY.

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"First, we must press on with structural reform, in the sense of modernising farms and improving the economic conditions. As you know, the Commission has proposed an ambitious new structures policy, which includes several points of interest to Scotland, especially the less-favoured areas. That includes :

- aids for planting woodland,
- better aids for common operating lands,
- aid for tourism and craft industries on farms".

.... INCLUDING A WIDER AGRICULTURAL DEVELOPMENT PROGRAMME FOR THE HIGHLANDS.

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"Already in the Western Isles there is a pilot project for an integrated development programme, including agricultural structures. From what I hear, it is showing good results, which I hope to see for myself tomorrow.

Many people in Scotland including this Union, and Scotland's active Members of the European Parliament, have pressed for a wider Agricultural Development Programme for the Highlands. I am sympathetic. I want to help. As soon as the Council takes a decision on the basic structural policy, including a framework for new regional measures, and a long-term budgetary framework, I want to take up the matter again."

LOWER COSTS AND BETTER MARKETING

"The second point (...) is cutting costs of production. If you cannot expect to improve your incomes through higher prices, you must think urgently how to cut your costs. That is what many of you are doing for milk : in response to the quotas, you are reducing your purchase of expensive animal feeds, rather than culling your cows. You are exploiting grass, which comes to you from soil, sun and rain, instead of using imported feed".

"Thirdly, I believe that agriculture must become more and more integrated into the wider marketing chain. That means you must press on with efforts to get long-term agreements on prices and contracts, and to adapt your output to what the market needs". (...)

"Where the state has given an absolute guarantee of prices and markets, the results have been unhappy. Look at milk. What the state and farmers have to do is rather to find better ways to manage uncertainty. For me, that means a better framework for agricultural marketing".