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Speaking note

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The Community's Export Policy for Agricultural Products

In its report to the Council on the Mandate one year ago, the Commission already suggested certain guidelines for a more active export policy for the Community where agricultural products are concerned.

This point was taken up in the draft conclusions of the European Council last November.

Over the period 1973-1980, the Community has already followed a successful development of its agricultural exports which increased by 164 per cent in value terms between 1973 and 1980. This expansion, which is still continuing, was particularly noticeable, at 271 per cent for exports to the developing countries. Over the same period, imports only rose by 75 per cent in value.

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The products which have most benefitted from increased exports are sugar, cereals, milk products, meat, poultry meat, and a number of processed products.

Looking back over the last five years, to quote three particular examples:

- we exported 7.9 million tonnes of wheat, including flour, in 1975; in 1980, we exported 12 million tonnes.
- For sugar, we exported 702 000 tonnes in 1975; in 1980, 4.3 million tonnes.
- For butter and butter oil, we exported 59 000 tonnes in 1975 in 1980 we exported 547 000 tonnes.

As a result, the Community over the past year or so has been the world's first or second largest exporter of wheat (including flour), sugar, beef, pigmeat, poultry meat, eggs, wine and almost every kind of milk product.

Thus, we are now the world's leading exporter of animal products while remaining the world's largest importer of agricultural products in general.

This development has been achieved despite the existence of only one single instrument, namely, the export refund, by dint of hard work from our private traders.

We should recall that the Community is the world's largest market with a comparatively open system and few restrictions on private enterprise.

We can see from the figures and facts which I have just mentioned that they have been highly successful in expanding the Community's role as a major exporter of agricultural products during the 1970s.

We should nevertheless appreciate that the lack of a consistent, medium to long term policy on agricultural exports has in the past led to uncertainties in many fields, both for our own traders and for our customers abroad.

We should recognize that, at the same time, our main competitors such as the United States and Australia are becoming increasingly aggressive in their own export policies.

It is for that reason that we in the Commission and the European Council believe we will need to have a more coherent strategy for exports of farm products in order to consolidate the progress made.

This strategy must have four pillars:

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(i) International framework:

As a part of this strategy there is an important role to be played by the Community within international bodies to achieve greater stability for world markets in agricultural commodities.

Such stability could greatly facilitate the effectiveness of whatever mechanisms we might choose to apply in the future.

In this respect the Commission has for some years been very active, on behalf of the Community, in attempting to negotiate an effective international cereals agreement, and we continue to meet regularly with the major exporters, such as the USA, Canada, Australia and Argentina.

In parallel with such contacts, the Community is also playing a very positive role in discussions within the World Food Council for an international agreement aimed at improving food security for the developing countries and greater stability of the world cereals market.

The Commission will also be stepping up its efforts over the next two years towards the negotiation of a new international sugar agreement which the Community might join.

Meanwhile, the arrangements under GATT for milk products and for meat continue to run smoothly and provide improved

(ii) Community mechanisms:

If this strategy is to be meaningful and successful, we have come to recognize in the Commission that our policy should be based on a wider range of instruments than the export refund alone.

The European Council already last November pin pointed the use of framework agreements for multiannual supply of products as one such instrument the Community could adopt. We should fully understand that such long-term agreements are already widely used by our trading partners.

The Commission has already made proposals to the Council on multi-annual supply agreements. So far, certain Member States have been reticent to agree to the use of this potentially valuable export mechanism. I hope such reservations will soon be lifted.

It would be preferable, in the medium term, that the importance of the refund, while still being a key mechanism, should gradually diminish.

We should also look for improvement in our export policy through greater co-ordination in the field of export credits between Member States. Much could be done in this field.

(iii) Product coverage:

As a third element in this strategy, I believe we need to reflect on the nature of the product which we wish to export. As I have already informed the Council, the volume of Community exports has considerably increased for primary agricultural products over the past decade. This is a performance which will be difficult to repeat.

We now need to examine where our energies should be channelled during the next decade.

We must remember that the principal nature of the Community's livelihood for creating employment is to act as an added value mechanism by importing raw materials and transforming them into industrial products. Agriculture is not exempt from this consideration.

We should note that a growing number of third countries have increasing requirements for food products with an added value and are interested in satisfying their demands from within the Community.

As a result, while recognizing the limitations on the use of export refunds for processed products which are dictated by international constraints on our policies, we must encourage when possible the development of such products incorporating the most up to date technological progress available to us.

(iv) Markets:

Finally within this general framework it seems to me that an indispensable aspect of a coherent, active export policy lies in the proper identification of the markets we must increasingly aim for in the years ahead.

We must, in short, identify our best potential customers.

We know that a considerable increase in our exports has resulted from significant purchases by oil rich countries since 1973.

We also know that our exports to developing countries have more than doubled in value terms in less than ten years.

While developing countries remain promising markets for our products in the short term, we must appreciate that their potential as future markets will depend on their financial position for purchase of further agricultural products.

We should recognize that it is likely that several of these countries will be developing their own agricultural production in the medium term to attain the same objectives of self sufficiency that we have now achieved in Europe through the CAP.

Nevertheless, some developing countries will be potential markets for Community agricultural exports.

Japan is another market of considerable promise, if it can be prised open.

This should also be true of many of the Eastern European countries, particularly in view of their geographical position in relation to the Community.

The Council will be aware that the Commission is under considerable pressure from the European Parliament to adopt different and more rigid arrangements for exports to state-trading countries, in particular those of Eastern Europe.

We do not rule out some improvements in our export arrangements to Eastern European countries, possibly through greater co-ordination with other suppliers. We do fear, however, that some of the suggestions made in the European Parliament's resolution would make our export policy more rigid, less effective and more expensive.

To summarize, Mr. Chairman, the Commission recommends that the Council should continue its discussion on a more coherent strategy for the Community's export policy of agricultural products already agreed in principle by last November's European Council.