

Statement of Mr. Gundelach
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F. GUNDELACH (Observer for European Economic Community): Mr. Chairman, Ladies and Gentlemen, I am indeed very grateful for the Chair giving the Agricultural Commissioner of the European Commission the floor to address this distinguished assembly on a matter of vital importance to the world. I shall be speaking in the name of the European Commission on behalf of the European Community. That is so because in the European Community we have developed, as you know, a common agricultural policy which has permitted us to bring about a coherent common internal market for agricultural commodities and to develop a common position in our dealings with our partners round the world, be it in regard to commercial matters or be it in regard to what is in the forefront of our deliberations at this Conference, the combat against the evil of hunger.

This common agricultural policy is an essential element of the European construction. It has, as you know, often been criticised from the inside and from the outside, and of course there are always adjustments in it to be made to bring it in accordance with the realities of the world of today. But the policy is there and it will remain because on the whole it has been beneficial, not just to European farmers but to the world at large. I shall revert to that on a few specific points, but at this point of general introduction I would just like to make the point that a Community which has a common agricultural policy and can deal with its agricultural problems on the inside but also in relation with its partners can play a substantial role in solving world food problems.

If you were to deal with today nine individual countries, tomorrow ten, the day after tomorrow eleven or twelve, your life—and I can testify from personal experience in other capacities—would be close to impossible. The fact that the Community speaks with one voice is to the benefit of the world community at large because it permits the community to contribute effectively, which would not be the case if we had nine, ten or eleven different national agricultural policies, no doubt more isolated, more protectionist, than the policy which we have today. I wish to bear this in mind in the discussions of ups and downs on this agricultural policy.

World food security is obviously of vital concern to all of us. Whether our countries are rich or poor, big or small, developed or developing, man needs food. Besides overriding moral and humanitarian pressures it is in our self-interest to see the hungry fed. Better nutrition is the foundation of economic development, and in its turn economic development and a more equal spread of wealth is an important pre-condition of world stability. All that is widely accepted and I do not plan to launch myself into a detailed speech on these points, which have been underlined by many speakers before me and will be underlined by many speakers after me. But it must be set as the guiding thread which will lie behind what I further have to say.

The evidence of hunger is all around us, in our newspapers, our radios, and on our television screens, and our immediate response is to want to help. One is struck by the immediate response that the public gives when they are confronted clearly with disasters in various parts of the world. There obviously is in our peoples a willingness to make the contribution, even the sacrifices, to meet this problem. What is to be avoided is that in the periods between painful immediate problems here or there on the geographical map efforts do not slacken in other words, that whilst we have the preparedness to deal with immediate problems we construct coherent policies which enable us to get to the root of this problem, and the first condition is one of proper coordination and international cooperation. None of us no matter how great our agricultural output, can eliminate world hunger by acting alone. There is a need for wide international cooperation. In this context let me pay tribute to the work of FAO. We regard its initiatives, together with those of other international bodies under the umbrella of the United Nations, as being of great importance. These organizations are constantly prompting the international community to take its responsibilities and to develop a coherent policy for assuring world food supplies. Much remains, I know, to be done. But something has already been achieved and this year the European Economic Community has already taken on several extra commitments.

At the May meeting of the Programme Committee of the World Food Programme the Community accepted the idea of forward planning of aid and is now considering an increase in its annual target for milk powder and butter oil for aid. Its 1979 programme already amounts to 150 000 tons of milk powder and 45 000 tons of butter oil. The European Commission wants to make substantial increases in Community aid in regard to these items.

In the context of Operation Flood the Community has given India political assurances of the continuity of aid over several years.

In June the Community approved the FAO action plan for world food security. We support its objectives and have already almost doubled our own cereals stocks. This was, I admit, done partly because of our own and international market conditions but I must emphasise also because of the precarious world situation. In other words, we wanted and we want to make our contribution to the bringing about of security stocks.

The Community wants a new International Wheat Agreement and will be ready to resume negotiations the moment that favourable conditions exist. We think that the increase in our stocks is an element facilitating the resumption of talks.

Following September's World Food Council the Community is again considering whether it can raise its cereals aid by more than 25 percent—from less than 1.3 million to 1.65 million tons a year. I must emphasise, to avoid any misunderstanding, that our food aid is directed towards meeting shortages of food wherever they may be in the world and not to disposing of this or that surplus which we may be faced with on the internal market. We have made provision for buying products on world markets if they are not available internally or if they are needed urgently. This gives us the possibility to act quickly and flexibly, as we have actually done in a number of cases over the last few months, only citing Uganda, Equatorial Guinea, Nicaragua, and not least, the needed aid to meeting the catastrophic situation in Cambodia.

I do not want to give the impression that we are complacent, that we think we are doing enough. We are not, others are not. We must in concert further mobilise our efforts.

At a recent debate in the newly elected European Parliament the European Commission urged the Parliament to vote more budget resources for aid and development. We are already then, making a contribution. But the question of food aid goes further than the mere donation of food to people or countries in need. Similarly, world food security is much more than the achievement of sufficient stocks of say, cereals; however important that may be.

If food is to be donated or stocked it must first be produced and the mechanism for proper distribution must be provided. And if food is to be produced and distributed we must ensure the right political and economic conditions for farmers and traders. This is not easy in a world of increasing inflation. It is not easy in world where the energy problem poses itself with great weight. The references which have been made in this debate to this problem have their full value in any economic discussions one is having, including food. One must give high priority for the world to find solutions to the energy problem which otherwise by inflation may bring about a cancer which erodes our political and economic stability and our ability to aid where aid has to be given.

The bringing about of the conditions necessary for the farmers and traders in developed and developing countries alike must be the longer term goal of our world food policy which, as I just said, cannot be seen in isolation from other economic policies, including energy policy. This goal to which I have just referred has already made headway within the European Community by the creation of the Common Agricultural Policy, which is the foundation on which many other matters stand. It enshrines the principles and concepts which guide our actions, also outside our own frontiers.

The Common Agricultural Policy has made it possible for Community farmers to develop their production of basic food stuffs and for community traders to export increasing quantities of cereals, milk powder, butter oil and other products and so to become important and reliable suppliers to other countries needing these commodities. We cannot be present on world markets to the benefit of others without the use of so-called export restitutions but of course such export restitutions must be administered in a responsible manner. If you look at the moment at prices for cereals or milk powder you have proof that export restitutions are being administered in a responsible manner. This is not to say that all is well within the Common Agricultural Policy or for that matter in other agricultural policies of other countries in the developed world, or that it is making its maximum contribution to world food security: it is not yet, even if progress has been made.

We have a milk surplus which we have to diminish. We have a sugar production which is on the high side. But of course we must take into account the important commitments we have been undertaken to import sugar from developing countries. We have a budget problem and must bring agricultural expenditure under control. Given the existence of our financial resources these limits will in my view not always exist in a dynamic community, in a community which is about to enlarge, which is about to take new commitments. But for the time being those limits are there as a reality to be counted with. But I must make it quite clear that these internal problems cannot be solved just by reducing the levels of the community's food production.

We are not intending to pursue a Malthusian policy. We must not forget the world has to feed an extra 72 million people a year, and that already 500 million people—twice the population of our Community—suffer from serious malnutrition. Anything that leads to a serious running down of the Community production would run counter to the world's needs and interests. Indeed, it would be such an act of practical vandalism that it would be a crime. Now, these problems of internal market balance must be tackled by adapting our production patterns to the realities in our own markets, in world markets and not least, bearing in mind the needs of combating hunger.

In this way we can achieve two objectives simultaneously, we can eliminate our internal difficulties, and make an even greater contribution to the reinforcement of world food security.

This can only be part of the full response to the problem; by itself it cannot be enough. We must give high priority to increasing the production of the developing countries themselves. We must make sure that they are able to make as big a contribution as possible to feeding their peoples, and they should have the chance to earn the foreign exchange that is so necessary for their overall development.

In aiming to bring this about we must recognize the mistakes of the past. We must take account, of course, of the wishes of the developing countries to become industrialized, but you cannot achieve economic miracles just by implanting shipyards or steel mills in developing countries without giving full emphasis to the necessity of developing in broader economic society.

Agriculture is already the biggest sector in most of these economies. It is the basis on which they must build their economic development, and the Community tries to contribute by providing markets which can act as a spring board for agricultural development by seeking to provide security in world trade; and by providing finance to help launch special development projects in agriculture as well as in other parts of the economy.

Mr. Chairman, to be more specific and to put things in the right perspective, let me say that the Community's agricultural imports reached \$46 billion in 1978—a figure which shows that the Community is by far the world's biggest importer of agricultural products. Imports from developing countries accounted for almost \$22 billion of that total and are increasing rapidly—by more than 77 percent over the last five years.

This has been brought about by the concessions given in the recently-concluded Lomé Convention of which you are aware, by the increased generalised preference scheme from the beginning of this year, and by concessions to the countries in the Mediterranean area.

These are marked steps forward which are resulting in figures of the magnitude to which I have just referred. These figures, of course, also indicate that our imports from the developed agricultural countries are very significant.

This brings me to the question of increased international cooperation in regards to securing a higher degree of stability in markets of primary commodities. Sugar is on the order of the day, cereals likewise.

I would like to indicate that in a situation where the Community has to watch the level of its animal production, it is difficult to explain an increase of imports of fodder for that production in the form of soya and to some extent tapioca — there we are reaching agreements in the bilateral way with the main countries. How we can at the same time watch the development of our animal production and be faced with every-increasing imports of fodder to low prices, here there is a contradiction in terms. Here there is an area for additional cooperation between agricultural producing countries. Maybe some of that soya could be better used in other parts of the world suffering from malnutrition.

The Community provides large and dependable markets for the produce of developing countries. The importance of this to their agricultural industries cannot be over-estimated. In providing them with free or preferential access, the Community members are giving to the developing countries the same stimulus that they gave to themselves by removing internal trade barriers.

But we must admit that this is not enough. Developing countries claim — and have a right to — still greater access to our markets. The community must aim to meet this demand in the years ahead. This might very well imply — in the longer term — a change in the Community's import pattern.

But freer access by itself is not enough. Agricultural development can be completely dislocated by price fluctuations. That is why we must ensure greater market and price stability in world agricultural trade — knowing that this benefits everyone, both producers and consumers. An example of our will in this area is provided by the recently completed GATT negotiations where the Community pressed for arrangements that will help stabilise world dairy product and beef markets as well as supported the establishment of a new world cereals agreement. For the Commissionaire an essential part of such an agreement would be a new Food Aid Convention with bigger targets.

The Lomé Convention is another example of our will to bring about stability.

- It not only provides sugar producers in the ACP-countries with guaranteed prices fixed at a comparable level to that offered to Community producers but also provides guaranteed access for 1,3 million tons of raw sugar a year.
- The STABEX system guarantees the stability of export earnings for more than 40 agricultural innovation in international economic relations. It gives insurance against the repercussions of fluctuations in export volume and price.

The new Convention signed on October 31 makes available about 730 million dollars which could be used to stabilise export earnings. But for this insurance, development projects in these countries would be at the risk of falls in world commodity prices or of bad harvests.

The third aspect of the Community's attempts to stimulate agricultural production in developing countries - of helping them to help themselves - is the provision of finance for development projects.

We attack regional problems inside the Community by channelling finance and technical assistance into the areas of greatest need.

We try to apply something like the same principle in our aid policy towards the developing countries in order to assist the governments of these countries to work to increase the wealth of rural areas by developing production. Under the existing Lomé Convention, 40 per cent of the funds provided by the Community - in other words 40 per cent of more than 4 billion dollars - has been directed by the governments of ACP countries to agriculture - to milk production, oil and fats production, forestry, cereals and so on.

Considerable financial assistance is also being made available to developing countries which are not parties to the Lomé Convention.

In recent years the Community has put more than 100 million dollars a year at the disposal of what we term - in Brussels jargon - the non-associated developing countries. These are especially countries of Asia and Latin America, and they are using the money almost exclusively for projects in the agricultural sector. Furthermore our Association Agreements with countries in the Mediterranean regions contain protocols for providing technical and financial assistance for agricultural development.

I want also to emphasize in this connection that the Commission and the Community want, through financial and technical assistance, to contribute to the development of the fisheries industry in developing countries in order to, also in this way, participate in improving the food situation in these countries.

Mr. Chairman, I have tried to paint a broad picture of how the Community is contributing to the general aim of reinforcing world food security.

It is our firmly-held view that food aid and emergency aid are not enough - these can only be short-term holding operations while we tackle the fundamental problem which must be to increase the agricultural potential of the developing countries.

The essential instrument in tackling this problem must be increased participation in their agricultural development. This can take place through the injection of financial resources, through the provision of technical assistance and through the possibility of improved access to markets in developed countries.

The present efforts are not enough. It is crucial that we do our utmost to increase food production in the developing countries as quickly as possible. Our efforts must ensure that food production in the developing countries increases even more quickly than their populations.

This is the pre-condition of their lasting economic transformation.

Agricultural development alone can enable these countries to meet from their own resources their growing food demands. It will make a double contribution to the solution of their balance of payments problems: it will reduce their expenditure on food imports and at the same time, through increased exports, earn the foreign exchange that is needed to sustain their economic development.

The Community, Mr. Chairman, fully supports the objectives of the FAO action plan on World Food Security. But we must not stop there.

A full response to the problem of reinforcing world food security dictates that production and stocks in developed countries are accompanied by greater production in, and increased trade possibilities for, the developing world. This is the direction we must follow in the years to come.

I will end by thanking you, Mr. Chairman, for your indulgence, and adding that for us the combat of hunger is high political priority. We stand ready to help financially and substantially, but we do have to consider in the long term the technical assistance to bring about an increase in the production of the developing countries and which must form an important part of the programme. Important as it is today, it will be more important in the future.