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SUMMARY OF SPEECH BY SIR CHRISTOPHER SOAMES AT THE MANSION HOUSE, LONDON,
ON 29 NOVEMBER 1974

"The Community is keeping down Food Prices in Britain"

Sir Christopher Soames, speaking at the Mansion House on Friday, 29 November, said that "the housewife is being helped, in these difficult times, by what the Common Market does to hold down the cost of her shopping basket below where it would otherwise have soared by now. The plain fact is that the Community is keeping down food prices in Britain. And it's doing so in two distinct ways. First, because so many food prices are lower anyway in the Community than on world markets: and second, because the Community is giving us subsidies on some of our imports. Moreover we must always remember there is also the question of security of supplies that will in future become a more and more vital concern."

Speaking at a dinner of the Sugar Traders' Association of the United Kingdom he said: "Britain's sugar supplies are threatened by the state of the world market: and Britain is in a better position to safeguard her future sugar supplies at reasonable prices as a member of the Community than if she were outside. What is more, the Community has affirmed its resolve to help her do so." Having given an undertaking to the poorer countries who produce sugar in the overseas Commonwealth, "the Community stands ready to conclude new long-term arrangements every bit as good as the old Commonwealth sugar agreement. The new arrangements are to be valid for an indefinite duration". Moreover "no one is better placed than the British refining industry to refine the cane sugar which Britain needs. As long as we can obtain cane at a reasonable price, and as long as our industry can refine it efficiently and competitively, the bulk of it will be refined, as it traditionally has been, here in Britain."

Sir Christopher concluded "none of us would want to see Britain decide her political future merely over the price of butter..... The real issues are broader and deeper than these. Over the past two years the world has turned into a harsher, more troubled and more dangerous place: but that does not weaken, indeed it strengthens the need for us to stand together with our neighbours to help each other buttress our hard-pressed economies, and let our interests be promoted by speaking with a common voice. Our people sense and understand the changes in our condition, the changes in the world. Once the issues are put squarely before them I for one have no doubt of the considered wisdom of their choice."

The following are extracts from his speech as it dealt with food prices and with sugar:

Food Prices

"The world's food problems have gone in the last two years from bad to worse..... We can no longer base any assessment of our own national interest on the easy assumption that there are today, or that there will be in the future,

any regular world supplies of cheap food. The tables have turned. The world's agricultural producers command a vital scarce resource, for which they can obtain a very high price.....

We must look again at the balance of advantage for Britain in Europe's common agricultural policy. Not so long ago, the CAP was billed as the greatest threat to British food prices since the Napoleonic wars. It was a kind of bogeyman, used to frighten the children. In fact, of course, the opponents of membership always loved the CAP. They thought it gave them a simple knock-down argument against Britain's membership of the Community. But in the event that argument has begun to tell the other way.

Last week the sugar price stood at £650 a ton. But the average price of beet sugar imported from the Continent is only about £240 a ton..... On top of that the Community's import subsidy scheme for cane sugar should be worth many millions of pounds to the British balance of payments.

Take grains. Wheat from the Continent has been costing £30-£35 a ton less in Britain than on world markets, and on top of that we get a £5 subsidy from Brussels for every ton we import from any source. For maize we get an import subsidy of £4 a ton, paid for by the Community. I don't need to tell you that that in turn affects the production costs of cereal-intensive products - not just bread, but poultry and eggs, bacon and pork. And we also have consumer subsidies for beef and butter, for which the Community helps to pay.

These are just some of the facts and figures. They show how the housewife is being helped, in these difficult times, by what the Common Market does to hold down the cost of her shopping basket below where it would otherwise have soared by now. And if you don't believe a European like me, may I recommend to you Hansard for the 11th of November, where HMG is on record to confirm the facts: on balance food prices are lower now in Britain than they would be if we were not a member of the Community.

Moreover, we must always remember, price isn't everything. There is also the question of security of supplies. That will in future become a more and more vital concern. And there Europe's, and not least Britain's, potential is still great. With wise policies that potential can be harnessed even further for the benefit of us all.

Now far be it for me to suggest that all is lovely in the garden of the CAP. The problems with which we have to wrestle there are intractable and sometimes (as with the weather) unforeseeable to boot. The CAP was introduced for a Europe of the Six in times of plenty, and much of it has stood the tests of time. But it is hardly surprising that it now needs adjusting for a Community of Nine to serve both consumers and producers in the present times of world scarcity. The whole Community agrees that this is necessary: and as a member of the Community Britain can play her part in reshaping these policies in the right direction..."

Sugar

"The sugar market is in a state of turmoil and uncertainty, the London daily price has quintupled in the last year, deliveries promised under the Commonwealth sugar agreement have been switched to other markets, and now Britain has been forced to pay more than twice the price originally stipulated for those deliveries that have materialised under the agreement.

I saw it asserted recently that Britain's sugar supplies are 'threatened by the policies and procedures of the EEC'. That I simply cannot accept. The truth is that Britain's sugar supplies are threatened by the state of the world market: and Britain is in a better position to safeguard her future sugar

supplies at reasonable prices as a member of the Community than if she were outside. What is more, the Community affirmed its resolve to help her do so.

In the first place, the Community has agreed to offer the developing countries a long-term agreement for them to supply 1.4 million tons of raw sugar. In doing this, it has clearly honoured the undertakings made for the benefit of those countries during the entry negotiations. And don't let's forget: what was the purpose of these undertakings? It was essentially to provide a guarantee for the poorer countries of the Caribbean and the Indian and Pacific Oceans and it's for their sake that the Community stands ready to conclude new long-term arrangements every bit as good as the old Commonwealth sugar agreement. The new arrangements are to be valid for an indefinite duration - with a review by the seventh year. That is at least as good as the Commonwealth Sugar Agreement. They provide for a guaranteed price, up to the level of what our own farmers are paid for the sugar they grow. That, too is at least as good as the CSA, under which Britain used to guarantee a long-term price sometimes equal to, but never higher than, the British beet prices.

So it's for the cane-producing countries now to weigh up the value of such a long-term contract and the security which this affords for their long-term production plans as against chancing their arm in what history has shown to be a highly unstable world market. It's up to them to respond if they want to ensure that cane-sugar continues to hold its place in the British and the European market.

Added to this we must, on all sides, remember a second point. Europe can produce sugar, and it can produce it at less than a third of the present world price. Britain, too, needs long-term security and assurances of supply, and although the present beet harvest in Europe has been a miserably poor one, the scope for expansion is there in coming years.

Thirdly, there is Britain's immediate short-term problem. There the Community has committed itself firmly to seeing Britain through. We in Brussels know that where there is a common policy, there is a common responsibility to protect the vital interests of the Member States: that, fundamentally, is what a Community must be about. On sugar the Community has said that, when the Commonwealth sugar agreement expires, the Community must itself shoulder the responsibility for ensuring supplies to the British consumer. What is more, through the import subsidy scheme, and shipments of Continental beet, the Community will see that sugar is supplied at reasonable prices to the British consumer - at the level of the Community price, not at the vastly higher present world price."