



*European Communities
Commission
Press Release*

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The Commission Answers :

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FOOD PRICES IN THE UNITED KINGDOM

Britain Better Off

Food prices in Britain have on balance been lower than they would have been if Britain had not been a member of the Community, according to a Commission reply to a question in the European Parliament.

The question posed by Mr. Hugh Dykes (Conservative UK) was as follows :

Does the Commission agree with the assessment of the British Government that food prices in the United Kingdom are lower than they would be if Britain had not been a member of the Community, and will the Commission indicate the principal food items which are cheaper as a result of such membership?

The reply by Mr. Petrus Lardinois, Commissioner for Agriculture, is as follows :

1. The Commission certainly agrees with the British Government that food prices in the U.K. have been on balance lower than they would have been if Britain had not been a member of the Community. There are three main reasons for this.
2. First, the last two years have seen exceptionally high increases in the world market prices of key agricultural commodities such as cereals, sugar and edible oils. Over this period the prices of such produce within the Community have been below—sometimes substantially below—the world price thanks to the measures taken under the C.A.P. to keep Community prices at reasonable levels.
3. As a result of its membership of the Community the U.K. has had access to this source of supply and has imported a large amount of key foodstuffs at the lower Community prices. U.K. importers have made good use of this opportunity and imports of grains from Community sources increased by nearly 1/3 during 1974 compared with the same period of 1973.

The provision for sugar from the continental part of the Community during 1975 will be about 1/3 of total U.K. needs.

4. Secondly, the U.K. benefits from FEOGA financed import subsidies in the form of monetary compensatory amounts (M.C.A.S.). In the first two years of membership these subsidies, which have helped to keep down the prices of food imported into the U.K., were worth £82 million. This provision has been introduced in the Community after British accession in March 1973.

5. The third reason why British food prices have been lower as a result of membership of the Community has been the introduction of a number of FEOGA financed consumer subsidies. Taking the first week of February this year as an example, the FEOGA share of the general consumersubsidy on butter in the U.K. was £25.33 a ton or about 1p a lb. As a result of the recent Council decisions the FEOGA contribution can go up to almost twice this amount. For sugar the U.K. is benefitting significantly from the Community scheme to import sugar from world markets with the aid of a FEOGA subsidy. Up to mid-January under this scheme the U.K. received 155.00 tonnes with a subsidy on average of £225 per ton (white). This is equivalent to a saving of some 10p a lb. For beef all U.K. pensioners are eligible for a subsidy worth 20p a week, representing up to 50 per cent of the cost of beef purchased. The total cost of this scheme is some 31 millions of which FEOGA pays more than 40 per cent.

6. These examples demonstrate how measures taken under the C.A.P. have helped to shelter the U.K. consumer from the full impact of world price increases. More generally, it can be said that at a time of unprecedented increases the C.A.P. has proved to be a stabilising factor on most food prices.

7. It is difficult to predict what the pattern of world prices will be in the future, but for the immediate future it is already clear that the worst behaviour for world food markets is over. However the need to ensure supplies to Community consumers at reasonable prices will always remain. The recent stocktaking of the C.A.P. (COM(75)100) draws attention to this and sets out the Commission's belief that more use could be made of consumer subsidies as a means of disposing of surpluses that might arise, both in the interest of Community consumers and Community producers.

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