



*European Communities
Commission
Press Release*

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Summary of a speech by Mr. Pierre Lardinois, Member of the Commission of the European Communities, at the Delmonte Lodge, Monterey, California, to the National Soyabean Processors on August 24, 1976.

An appeal for more understanding in Common Market-American agricultural relations was made today by EEC Agricultural Commissioner, Mr. Pierre Lardinois in Monterey, California.

"An element of tension, of mistrust even, is creeping into our relations. If this is not faced squarely, it could lead to some sort of rupture."

Mr. Lardinois said that during the last few months there had been "fresh rumblings in the chicken war. Our farmers are being unfairly treated by the US Phosphate Cartel and we have had problems with canned hams and beef. The American side has complained about the Community's deposit scheme for vegetable protein and our proposal for a consumption tax on vegetable oils".

"In the present atmosphere, actions taken for very good reasons are capable of being misconstrued and labelled as protectionist, as anti-soya or even as anti-GATT." This last line of attack is so easy for America because she did not have obligations for farm products under GATT.

Mr. Lardinois stressed the importance of the trade partnership between the Common Market and America. "Last year the Community bought a fifth of all America's exports to give her a 6.1 billion dollar trade surplus with the Community." America also had a 4.5 billion dollar surplus on farm trade with the Nine.

"We are partners too in supplying the world with foodstuffs", he said. The Community had become a food exporter with a 12 % share in world food exports. But it remained a net importer with an overall farm trade deficit of more than 21.5 billion dollars. America by contrast had a farm trade surplus, last year of 13 billion dollars. After appealing "for greater caution and greater understanding in all our dealings", Mr. Lardinois dealt with two hot issues concerning farm trade. Common Market exports were being shut out of one American market after another, he said. "We have been kept out of your dairy market by a rigid system of quotas. We are being pushed out of the market for canned hams. We have been displaced almost completely in the beef market. You are threatening action again against our brandy exports. New health regulations are constantly threatening different minor products. We have the impression that America is purposely treating agricultural trade as a one-way flow. You preach free trade when it comes to other people's internal markets, but you practise rigid protection at home. For us Europeans, America has become the most protected farm market in the world."

Despite difficulties in its trade the Community had stuck to its GATT-commitment to allow US-soyabeans and soyabean meal duty-free access. This had led to a 4 million tons increase of US-soyabean exports to the EEC, and a 10-fold increase in soyabean meal exports to 2.6 million tons in 1975.

The Community was concerned at the sharply fluctuating prices at which these exports took place. They were undermining the whole common agricultural policy which was directed towards maintaining stable consumer prices and farmers' incomes.

"We are quite content to pay the average price that we have seen for your soya in the last few months or years. We are not opposing price variations caused by real supply and demand problems after some care for stocks has been taken. But I tell you bluntly that we want more stability in soya prices and that this may be something we shall have to talk about."

Mr. Lardinois continued: "Greece will probably soon become our tenth member and she does not have import obligation of oilseeds at all because of her own olive oil production. But for her existing membership, Italy would surely change her policy. France has also always had difficulties with duty-free imports of oilseeds. It is only the Northern European countries that do not have this problem. You can see that, in a way, this is causing us a north-versus-south problem in our Community. This will present the EEC and the United States with difficulties in the future".

Referring to the so-called anti-soya measures adopted and proposed as a necessary part of the Community Milk Action Programme, Mr. Lardinois said they did not represent discrimination against soyabeans.

The proposed consumption tax on vegetable oils would apply to those produced in the Community as well as to imported oils. The protein deposit scheme had not reduced soyabean imports into the Community which had run at almost record levels for the first part of 1976 and showed big increases over 1975.

"There is nothing in our milk policy that should endanger our partnership. We, for our part, would like to see the partnership extended to cover more two-way traffic in farm exports."

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