

EUROPEAN COMMUNITY

# GREEN EUROPE NEWSLETTER

IN BRIEF

## Reinforcement of world food security

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Speech by FINN O. GUNDELACH, Vice-President of the Commission  
of the European Communities, at the twentieth FAO Conference -  
Rome, November 1979.

The common agricultural policy as developed in the European Community 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 outside, and of course there are always adjustments to be made to bring it into accordance with the realities of the world 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 for this general introduction, I would only make the point that a Community which has a common agricultural policy and can deal with its agricultural problems not only internally, but also in relation to its international partners can play a substantial role in solving world food problems.

If one had to deal today with nine individual countries, tomorrow ten, the day after tomorrow eleven or twelve, 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, because it permits the Community to contribute effectively. This would not be the case if we had nine, ten or eleven different national agricultural policies, no doubt more isolated and protectionist than the policy which we have today. I wish to bear this in mind in the discussions of the ups and downs of the 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 own 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, but it must be stated at the outset as the background to what I further have to say.

The evidence of hunger is all around us; in the newspapers, on the 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 willingness to make the contribution, even the sacrifices, necessary 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 be allowed to 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. The first pre-condition for this is 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 up its responsibilities, and to develop a coherent policy for ensuring 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 butteroil for aid. Its 1979 programme already amounts to 150 000 tons of milk powder and 45 000 tons of butteroil. 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 emphasize also because of the precarious world situation. In other words, we wanted and still want to make our contribution to the setting up 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 this 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 emphasize, 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 with which we may be faced 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 - Uganda, Equatorial Guinea, Nicaragua, and not least the aid needed to meet the catastrophic situation in Cambodia, not to mention other instances.

I do not want to give the impression that we are complacent, that we think we are doing enough. We are not, and others are not. We must, in concert, further mobilize 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 therefore, 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 consists of 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 a world faced with a serious energy problem. The references which have been made in the debate to this problem are of paramount relevance in any economic discussions, including on 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 help where help 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, outside our own frontiers as well.

The Common Agricultural Policy has made it possible for Community farmers to develop their production of basic foodstuffs, and for Community traders to export increasing quantities of cereals, milk powder, butteroil 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. The present prices for cereals or milk powder provide proof that this is the case. This is not to say that all is well within the Common Agricultural Policy, or for that matter in the 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 though progress has been made.

We have a milk surplus which we have to diminish. Sugar production is on the high side. But of course we must take into account the important commitments we have been accepting 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 on new commitments. But for the time being those limits are there and must be

reckoned with. And 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 that 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 Community production would run counter to the world's overall needs and interests. Indeed, it would constitute an act of vandalism so irresponsible as to be tantamount to a crime. Now these problems of internal market balance must be tackled by adapting our production patterns to the realities of our own markets, of world markets, and not least, by bearing in mind the needs of the fight against hunger.

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

This can only be part of the full response to the problems; 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 a 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 springboard 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.

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 under the recently concluded second Lomé Convention, by the increased generalized preference scheme operative from the beginning of this year, and by concessions to 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 regard to securing a higher degree of stability in markets of primary commodities. Sugar is on the agenda, cereals likewise.

I should like to point out that in a situation where the Community has to watch the level of its animal production, it is difficult to justify an increase in imports of fodder for that animal production, in the form of soya and to some extent tapioca - though there we are reaching agreements bilaterally with the main countries concerned. To be cautious as regards the development of our animal production, yet be faced with ever-increasing imports of fodder at low prices, is a contradiction in terms. Here there is an area for further cooperation between agricultural-producing countries. Perhaps 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 the same stimulus to the developing countries that they gave 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 stabilize world dairy produce and beef markets, and supported the establishment of a new world cereals agreement. For the Commission 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 products and represents an important innovation in international economic relations. It gives insurance against the repercussions of fluctuations in export volume and prices. The new Convention signed on 31 October makes available about 730 million dollars which could be used to stabilize export earnings. But for this insurance, development projects in these countries would be at the mercy 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 - in 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

