



**PRESSE-MEDELSELE • MITTEILUNG AN DIE PRESSE • PRESS-RELEASE • INFORMATION A LA PRESSE  
ΑΝΑΚΟΙΝΩΣΗ ΓΙΑ ΤΟΝ ΤΥΠΟ • INFORMAZIONE ALLA STAMPA • MEDELING AAN DE PERS**

Bruxelles, 28 March 1983

AGRICULTURE AT A TURNING POINT

To maintain a sound agricultural policy, we must rethink it in a long-term perspective.

This was stated by Mr. Poul Dalsager, Member of the Commission responsible for Agriculture, in a speech to the Agrarian Congress of the Dutch Labour Party (PvdA) in Wageningen on 26 March 1983. Here follows a summary of the main points in Mr. Dalsager's speech.

The philosophy of co-responsibility

Mr. DALSAGER told the Congress that the increase in population and the increase in purchasing power in the Community will be less rapid in the 1980's than in the 1970's. That means a slower increase in the demand for food. At the same time, effective demand on world markets will be limited by the capacity of the developing countries and Eastern Europe, with their colossal debt burden, to pay for imports, while competition from other exporters will be "relentless".

In these circumstances, said Mr. Dalsager, we must rethink the system of price guarantees. "We can no longer live with the idea that the CAP should provide price guarantees for unlimited quantities of production". That was possible when the CAP was invented, because Europe was below self-sufficiency for most products, but that is no longer the case. European agriculture has become dependent on exports.

"The lesson is simple: it is neither financially possible nor economically sound to expand our exports, unless we do one of two things:

- either we reduce the cost of exports by reducing the gap between our prices and world prices,
- or we ask farmers to pay all or part of the cost of disposing of production in excess of certain limits."

This is the idea behind the concept of "guarantee thresholds" which the Commission has developed. In practice this means that if production exceeds the level which it is in the Community's interest to produce, taking account of consumers' needs, international trade, and food aid, then measures will be taken to ensure the participation of producers.

### Milk - The choice to be made

In 1982 the Council accepted the Commission's proposal that if the increase in deliveries of milk exceeded 0.5%, appropriate measures would be taken. In fact, the increase was 3.5%, so the Commission has proposed that the normal price increase of 5.5% should be abated by the equivalent of 3%, corresponding to the amount by which the guarantee threshold was exceeded.

Admitting that this proposal would be unpopular with farmers, Mr. Dalsager told the Congress that milk production is increasing for more rapidly than consumption. Milk deliveries were 10% higher in January 1983 than a year ago, and 7% higher in February. Converted into butter and milk powder, that means increases of 20%.

Referring to the study of different models for the dairy sector in the European Community including quotas, carried out at the Agricultural University in Wageningen, Mr. Dalsager said :

" Let me say this to you very clearly. I do not favour quotas for milk production or for any kind of production. It means tighter and tighter controls. It means the spread of bureaucracy, and the loss of freedom for farmers. It means a brake on the more efficient farmer. For me, therefore, a policy of price moderation, with some limits on the guarantees, is by far preferable.

But you are right to pose the choice. If we look at experience in the rest of the world, there are only two ways in which other countries have tackled the problem of market balance in the milk sector. Some are trying to do it through the price mechanism - for example, this is the approach of the United States. Others - for example Austria - have used quotas. There is no third way. The Community itself must choose : and the choice cannot be long delayed."

### Employment and incomes

The CAP has operated against the background of a long-term decline in the share of agriculture in Europe's Labour force - from 20 million in 1958 ( in the Ten) to 8 million now. This decline may be compensated by new jobs in the secondary and service sectors, but the long-term outflow will continue.

On the other hand, the CAP has certainly protected incomes. The gap between farm incomes and other incomes would otherwise have been much wider. Agricultural incomes in the Community rose by 9% in real terms in 1982, after a period of three years during which they had declined by a similar amount. The Netherlands has had a better record than most other member States, with an increase of 4% in real terms in 1982 and an increase of about 14% over 1978.

The maintenance and increase in farm incomes is connected with the fall in the numbers of employed. Increasing productivity has permitted higher production with a lower input of labour.

The Community has a responsibility to support incomes and employment in agriculture. Because 1982 was a good year does not mean we should now freeze prices, hence the modest "norm" of 5.5% for the increase in common prices in 1983 proposed by the Commission.

---