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SPEECH BY MR CHRISTOPHER TUGENDHAT, VICE-PRESIDENT OF THE EUROPEAN COMMISSION AT THE "FOOD PROCESSING" AWARD CEREMONY AT THE INN ON THE PARK, PARK LANE, LONDON ON MONDAY 6 FEBRUARY 1984

EEC COMMISSION PROPOSALS WOULD CURB FOOD PRICES

THE FOOD PROCESSING INDUSTRY IS A MAJOR PART OF THE MACHINERY OF EUROPEAN ECONOMIC LIFE. FEW SECTORS SO AFFECT, AND ARE SO AFFECTED BY OUR SOCIETY THAN THE ONE YOUR REPRESENT.

IT WAS THEREFORE A GREAT PLEASURE FOR ME TO ACCEPT AN INVITATION FROM THE EDITOR OF "FOOD PROCESSING" TO SPEAK HERE TODAY.

I CONGRATULATE THE MAGAZINE "FOOD PROCESSING" ON ITS INITIATIVE TO INTRODUCE THE AWARD SCHEME.

ONE OF THE MOST GENUINE ACHIEVEMENTS IS TO WIN THE ACCOLADE OF ONE'S PEERS ESPECIALLY WHEN, AS IN THIS INDUSTRY, SO MANY OF THEM ARE COMPETITORS. THE

ACHIEVEMENTS OF THOSE WHO CAME TOP OF THE LISTS OF STRONG
CONTENDERS FULLY WARRANT THE RECOGNITION THEY HAVE EARNED.

BERNARD MATTHEWS IS TO BE CONGRATULATED ON HIS
ASTOUNDING SUCCESS IN DEVELOPING AND MARKETING TURKEY AND
TURKEY PRODUCTS FOR ALL-YEAR ROUND CONSUMPTION.

GUINNESS HAVE BROUGHT ABOUT REMARKABLE GROWTH IN
A VIRTUALLY STAGNANT MARKET BY THEIR "GUINNESS" CAMPAIGN.

G.D. SEARLE AND COMPANY HAS ACHIEVED GREAT
TECHNOLOGICAL PROGRESS WITH THEIR NEUTRASWEETENER, WHICH
IS ALREADY MAKING INROADS INTO THE LOW CALORIE FOOD AND
DRINK SECTOR.

ANOTHER MAJOR ACHIEVEMENT IS THE DEVELOPMENT BY
ANCHOR FOODS OF AN AEROSOL DAIRY CREAM, WHICH, I
UNDERSTAND, HAS TRANSFORMED THE IMAGE OF THIS PRODUCT.

IT IS THROUGH ACHIEVEMENTS SUCH AS THESE THAT
NEW MARKETING OPPORTUNITIES MAY BE PROFITABLY EXPLOITED.

EVIDENCE OF THE SUCCESS OF MANY OF YOUR FOREIGN

COMPETITORS IS TO BE FOUND IN VIRTUALLY EVERY RETAIL OUTLET IN THIS COUNTRY. I WOULD WELCOME THE OPPORTUNITY TO BE ABLE TO FIND IN THE CITY WHERE I HAPPEN TO LIVE, BRUSSELS, A RANGE OF BRITISH PRODUCTS WHICH WOULD MATCH THE CHOICE OF IMPORTED PRODUCTS AVAILABLE IN THIS COUNTRY. MILLIONS OF CONSUMERS THROUGHOUT THE COMMUNITY WOULD, I AM CERTAIN, SHARE THIS VIEW.

THE PROSPERITY OF THE FOOD PROCESSING INDUSTRY REQUIRES A DYNAMIC, ENTREPRENEURIAL, AND INNOVATIVE APPROACH. BUT IT ALSO REQUIRES EFFECTIVE ADVOCACY SO THAT ITS CASE IS CLEARLY HEARD BY GOVERNMENTS AND BY THE INSTITUTIONS OF THE COMMUNITY.

A THRIVING FOOD PROCESSING INDUSTRY NEEDS TO OPERATE ON A BEDROCK OF ECONOMIC AND LEGAL CONDITIONS WHICH ARE CONDUCIVE TO THE ATTAINMENT OF ITS OBJECTIVES. THESE CONDITIONS INCLUDE THE AVAILABILITY OF ADEQUATE SUPPLIES OF RAW MATERIALS AT COMPETITIVE PRICES.

OTHER SECTORAL INTERESTS HAVE OBJECTIVES WHICH

CAN BE IN SHARP CONFLICT WITH THOSE OF THE FOOD PROCESSING INDUSTRY.

I WOULD NOT WISH IN ANY WAY TO BELITTLE THE LOBBYING WORK CARRIED OUT BY THE FOOD PROCESSING INDUSTRY. THERE CAN BE NO DOUBT THAT THE INPUT FROM ITS REPRESENTATIVE BODIES IN THE DELIBERATIONS CONCERNING, FOR EXAMPLE, ADDITIVES, LABELLING AND PACKAGING, HAS BEEN EFFECTIVE. BUT THE COMPETITION IS STRONG - AND THE RESULTS, IN TERMS OF POLICY DECISIONS, OF CRUCIAL IMPORTANCE TO THE INDUSTRY.

LET ME GIVE AN EXAMPLE OR TWO OF WHAT I HAVE IN MIND. NO ONE NOW THINKS OF THE AGRICULTURAL INDUSTRY AS IN SOME WAY SEPARATE AND TO BE DIFFERENTIATED FROM THE PROCESSING INDUSTRY. IT WOULD BE INAPPROPRIATE TO DO SO ESPECIALLY AS ABOUT 75% OF FARM PRODUCE IS SUBJECT TO PROCESSING IN SOME FORM OR ANOTHER. NONETHELESS, THE MAIN CONSTITUENT PARTS CAN BE VALIDLY COMPARED. I WILL MAKE ONE COMPARISON CONCERNING THE SIGNIFICANT LEVEL OF PUBLIC FUNDS SPENT IN THE UK ON RESEARCH AND DEVELOPMENT IN AGRICULTURE, FISHERIES AND FOOD. OUT OF THE TOTAL EXPENDITURE, ONLY JUST OVER 1% IS DEVOTED TO PROMOTING THE

PRODUCTIVITY AND EFFICIENCY OF THE FOOD PROCESSING INDUSTRY. I THINK A NUMBER OF PEOPLE HERE TODAY WOULD FEEL THAT THAT PROPORTION REFLECTS THE RELATIVE STRENGTHS OF THE DIFFERENT LOBBIES RATHER THAN OBJECTIVE NEEDS.

I WILL GIVE ANOTHER, PERHAPS MORE PERTINENT, EXAMPLE. THIS CONCERNS THE SO-CALLED AGRI-MONETARY FIELD WHICH HAS BEEN THE TARGET OF INTENSIVE LOBBYING. IT IS RIGHT TO ASK WHETHER THE POLICY DECISIONS TAKEN REFLECT ADEQUATELY THE OBJECTIVE NEEDS OF THE DIFFERENT SECTORS AND THE WIDER PUBLIC INTEREST.

THE MECHANICS OF THE AGRI-MONETARY SYSTEM ARE COMPLEX BUT THE UNDERLYING ISSUES ARE SIMPLE. LET ME EXPLAIN BY SAYING THAT IT IS NOW NEARLY FOUR YEARS SINCE POSITIVE MONETARY COMPENSATORY AMOUNTS - A TAX ON IMPORTS WHICH EFFECTIVELY RAISES THE PRICE OF FOOD - HAVE BEEN APPLIED IN THE UK. IN EVERYDAY TERMS THIS MEANS THAT PRICES PAID BY PROCESSORS, AND ULTIMATELY BY CONSUMERS, HAVE BEEN HIGHER, GENERALLY BY AT LEAST 5% AND OFTEN BY MUCH MORE, THAN THE COMMUNITY LEVEL. THIS IS TANTAMOUNT TO AN ADDITIONAL TAX WHICH IS IN NO WAY IMPOSED ON THE UK BY THE COMMUNITY. IT IS A SELF IMPOSED FOOD TAX.

I CITE THESE POINTS IN ORDER TO ALLOW ME TO PUT A QUESTION, THIS IS AS FOLLOWS: "FOOD PROCESSING" HAS INTRODUCED AN AWARDS SCHEME WHICH RECOGNISES ACHIEVEMENT IN FOUR CATEGORIES OF ACTIVITY, BUT I WONDER IF IN SUBSEQUENT YEARS, IT WOULD NOT BE APPROPRIATE TO CREATE A NEW CATEGORY, NAMELY FOR THE PERSON WHO HAS CONTRIBUTED MOST TOWARDS HELPING TO CREATE A BETTER BUSINESS ENVIRONMENT FOR THE INDUSTRY GENERALLY.

EUROPEAN COMMISSIONERS SHOULD BE DECLARED INELIGIBLE WHICH MEANS THAT MY CONCLUDING REMARKS ARE MADE IN A TOTALLY DISINTERESTED MANNER, THE FUNDAMENTAL PROBLEMS OF THE AGRICULTURAL POLICY MUST NOW BE TACKLED, THE COMMISSION, IN ADDITION TO TAKING DECISIONS WITHIN ITS OWN POWERS TO CURB THE EXCESSES OF THE COMMON AGRICULTURAL POLICY, HAS ALSO PUT FORWARD PROPOSALS WHICH WOULD BRING ABOUT NECESSARY REFORMS BY LIMITING SURPLUSES AND HENCE BUDGET COSTS, HOWEVER THESE PROPOSALS REQUIRE DECISIONS THAT MAY ONLY BE TAKEN BY THE COUNCIL OF MINISTERS WHICH REPRESENTS THE GOVERNMENTS OF THE 10 MEMBER STATES, THESE PROPOSALS INCLUDE PRICE FREEZES, AND EVEN CUTS, FOR

PRODUCTS WHERE SURPLUSES ARE MOST ACUTE. OPEN-ENDED SUPPORT WOULD BE REMOVED, PARTICULARLY FOR DAIRY PRODUCTS. THE PROPOSALS ALSO INCLUDE ACTION TO REDUCE THE BURDEN ON PRODUCERS AND PROCESSORS OF THE POSITIVE MCAs. THERE IS NOTHING DISCRIMINATORY AGAINST BRITISH FARMERS IN THE COMMISSION'S RECENT FARM PROPOSALS. INDEED, CONTRARY TO WHAT HAS BEEN SAID RECENTLY BY THE AGRICULTURAL LOBBY, WERE THE PROPOSALS TO BE ADOPTED NOW BRITISH FARMERS WOULD STILL ENJOY PRICES SOME 4% ABOVE THE COMMUNITY "NORM".

IT IS NOT SURPRISING THAT THE AGRICULTURAL LOBBIES THROUGHOUT THE COMMUNITY HAVE CRITICISED THESE PROPOSALS: THEY ARE SIMPLY DOING THEIR JOB. WHAT DOES SURPRISE ME IS THE EERIE SILENCE OF LEADING POLITICIANS FROM THOSE GOVERNMENTS WHO ARE ON RECORD AS DEPLORING THE EXCESSES OF THE CAP AND URGING THE NEED FOR LOWER PRICES IN ORDER TO CUT COSTS. THEY HAD SOMETHING TO COMPLAIN ABOUT WHEN NO PROPOSALS OF THE SORT THEY WANTED HAD BEEN TABLED. NOW THEY HAVE PROPOSALS OF THIS KIND WHICH WOULD LIMIT THE BUDGET COST AND CURB FOOD PRICES. IT IS THEREFORE HIGH TIME FOR THEIR ACTIONS TO MATCH THEIR

WORDS.

EFFECTIVE ACTION OF THIS KIND IS MORE LIKELY IF THOSE WHO WANT IT, AND ARE IN A POSITION OF AUTHORITY, BRING THEIR INFLUENCE TO BEAR NOW IN THE RUN-UP TO THIS YEAR'S CAP PRICE SETTLEMENT. IF THEIR SUPPORT IS NOT FORTHCOMING, THE FORCES OF INACTION COULD PREVAIL. THESE FORCES WILL NO DOUBT REPEAT THEIR SPURIOUS ARGUMENTS CONCERNING SUPPOSED DISCRIMINATION AGAINST THEMSELVES IN AN EFFORT TO MAINTAIN ALL THEIR CURRENT BENEFITS.

OF COURSE NO ONE SHOULD BE DISCRIMINATED AGAINST BUT EQUALLY NO ONE SHOULD EXPECT TO MAINTAIN ALL THE PRIVILEGES GAINED FROM PAST COMPROMISES, REGARDLESS OF THE BURDEN THIS CREATES FOR OTHERS AND OF ITS EFFECT IN ENCOURAGING THE EVOLUTION OF A DISTORTED AGRICULTURAL POLICY.

I REPEAT MY WARNING THAT THERE CAN BE NO ALTERNATIVE TO PROMPT ACTION TO LIMIT THE COST OF THE CAP, FOR THE COMMUNITY IS VIRTUALLY AT THE LIMIT OF ITS AVAILABLE FINANCIAL RESOURCES.

THE COMMISSION WANTS TO PRESERVE THE REAL ACHIEVEMENTS OF THE COMMON AGRICULTURAL POLICY. WITHOUT THIS THE AGRICULTURAL POLICY COULD BE SELF-DESTRUCTING. WITH THE REFORMS WE HAVE PROPOSED NOT ONLY COULD A HEALTHY AGRICULTURAL POLICY EMERGE, BUT ALSO THE FOUNDATIONS COULD BE LAID FOR NEW DEPARTURES IN INDUSTRIAL RESEARCH AND DEVELOPMENT, IN THE DIVERSIFICATION OF ENERGY SUPPLIES, IN THE TACKLING OF UNEMPLOYMENT AND REGIONAL PROBLEMS, AND IN OTHER PRIORITIES.

FOR THE COMMISSION THE CHOICE IS CLEAR, AND THERE IS BUT ONE REALISTIC OPTION.