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IP(84)43

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20.00 Brussels time (19.00 GMT)
Monday, January 30, 1984

Brussels, 30 January 1984

TUGENDHAT SAYS COMMISSION'S PROPOSALS ON CAP DESERVE SUPPORT

In a speech to the Cardiff Business Club today, Mr. Christopher Tugendhat, Vice-President of the European Commission, calls for full support to be given to the Commission's proposals on reforming the Common Agricultural Policy (CAP).

Here are some extracts from the speech to be given at Cardiff's Royal Hotel this evening.

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For some years now, I and my Commission colleagues have repeatedly warned that the Community would inevitably find itself in a financial crisis if nothing were done to curb the fundamental reasons for the CAP's excessive costs. Faced with the impending crisis of which we warned, the Commission has taken drastic action within its powers to keep spending on the CAP within the overall legal limit of resources available to the Community. In October 1983 it took a series of measures to this end, which saved some £165 million on the 1983 budget. It followed these up at the very beginning of this year with further action to cut costs, notably extending the delay in payments to traders for products bought into intervention.

However, the measures which are needed to tackle the fundamental problems of the CAP can only be proposed by the Commission; they have to be taken by the Council of Ministers, which represents the Governments of the ten Member States. Here too the Commission has exercised its responsibility to the full. In July last year it put forward a wide-ranging package of measures designed to achieve these objectives. This month it has tabled farm

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price proposals which if accepted would make a major contribution towards curbing the production of surpluses and hence the cost of the CAP. These proposals go to the root of the CAP's problems by advocating a freeze or even a reduction in the price of those products which are most severly in surplus. Moreover, they suggest that differences in agricultural prices between the Member States should be narrowed.

This inevitably means that farmers who currently enjoy prices for their products which are significantly above the Community norm, such as those in Britain and other countries with strong currencies, will have to give up some of their advantages so as to play their part in solving the problem of over-production. Those who claim that these privileged farmers are bearing a disproportionate burden are therefore entirely wrong. They would simply be losing some of the advantages which they currently enjoy at the expense not only of the Community budget but of consumers and processors of food intheir own countries. Indeed, even were the measures proposed by the Commission to be fully implemented now, at current rates of exchange, British farmers would still receive prices some 40% above the Community norm.

I cannot say that I am surprised by the barrage of criticism aimed at these proposals of the Commission by the agricultural lobby. What does surprise me, however, is the eerie silence from some of the very governments who until recently were deploring the excesses of the CAP and urging the need for lower prices in order to cut costs. Now is the time when their support for a more financially responsible CAP is most needed and when they have the opportunity to take the sort of concrete action for which they have consistently called.

The Commission has therefore faced up to its responsibilities for curbing agricultural expenditure. It is now time for the Governments of the Community to respond to its proposals for doing so. I can only warn once again 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 the financial resources available to it.

Our object in putting them forward is to preserve what has been achieved with the CAP and in other areas, as well as to lay the foundations for new departures in industrial research and development, in the diversification of our energy supplies, in the tackling of unemployment and regional problems and other priorities."