

Agricultural Prices 1984/85

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Last week the Commission adopted its farm price proposals for the coming year.

Before I give you the main elements of our proposals, I want to put them in their political context.

I know that some parts of the package may be difficult for the agricultural community to accept. I know that in recent years, their incomes have fluctuated - a decline in incomes last year of about 6 % in real terms, after the preceding year's increase of about 11 %. But nevertheless the CAP has helped to protect our farmers from the worst effects of the economic crisis. Farm incomes in the United States, Canada, and other agricultural countries fell by a third in 1982.

There is no need for me today to explain to you how difficult the market situation is for many of our farm products. Above all, the increases in milk deliveries are going far beyond what the market can handle. We have problems too with other products, where the trends of production exceed demand. The public authorities can not be expected to take charge of all these products for which there is no market. We cannot continue the CAP on such a basis, which is neither economically sound nor financially acceptable.

That is why we have proposed in the last two years a limitation of the price guarantees to reasonable levels by means of guarantee thresholds - a policy which we continue

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in this package. That is why we also have to follow a restrictive price policy. Independently of the budget situation - which, as you know, is very difficult - the market problems impose on us a rigorous discipline for prices.

Five years ago the Commission proposed a general freeze in common prices - and that at a time when the market problems were not so bad as now. We concluded that, this year, such an approach would not be the best one. We have decided to make a modulated set of price proposals, in the light of the market situation for each product. That means some prices are increased, some are frozen, and some are even reduced. The resulting increase in common prices in ECU for the Community as a whole is a little less than 1 %.

Let me briefly give you the list of prices, and then comment on them.

