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CEILING ON CAP EXPENDITURE IMPRACTICABLE

Mr Gundelach speaks on agricultural policy in Peterborough

It was not practicable to seek to impose a straight ceiling on the Community agricultural budget said Mr Finn Gundelach, European Commissioner responsible for agriculture, today. Speaking at the East of England Show at Peterborough Mr Gundelach said that such a demand was not well thought out, for it ignored the nature of the agricultural policy. He did not believe that in the end it would be adopted. Agricultural expenditure was determined by too many uncertain elements - harvest variations, changing world prices and monetary uncertainties.

Mr Gundelach maintained that the EEC budget for agriculture was not all that excessive. "The agricultural policy is the only fully fledged common policy, but those who say that the cap is preventing other policies from developing are wrong. They have also forgotten that due to the lack of social and regional policy, regional policies make up a big part of the agricultural budget." For instance, 1,000 million units of account (about £650m) was being set aside for development in Italy, the South of France and the West of Ireland. The agricultural budget was not just support for farmers, but for regions as well. It also met the costs of monetary compensatory amounts, which cut food prices in the UK and meant that beef was cheaper in Britain than in the United States and British bread was cheaper than Australian.

Mr Gundelach hoped that the process started at the recent Bremen and Bonn summits would enable us to get to grips with MCAs. "It will take time, but in the long run they must come down in fairness to UK producers."

Mr Gundelach said it was unfair to judge the cap purely on the basis of surpluses which were confined to a few commodities - dairy products, sugar and olive oil. The policy was basically sound and had ensured food supplies for 250 million people in an uncertain world at fairly stable prices, sometimes lower than prices on the world market.

"This security is a worthwhile insurance premium providing a safety-net of guaranteed prices for farmers to ensure that they can continue in production."

The idea of reducing Community production and importing more food from outside the Community was rejected by Mr Gundelach. World prices were artificial prices, he said. They were quoted for small quantities,where slight day-to-day variations in supply could lead to big jumps in prices. "If we cut down our own food production by 10 - 20 per cent world prices would sky-rocket and we would find that supplies would not be enough for our own needs. We are already the biggest food importer in the world."

Production costs were rising elsewhere in the world. New Zealand, he pointed out, had requested a 23 per cent increase in their guaranteed price for butter sold to the EEC last year. They were granted a 14 per cent increase; home producers received 3 per cent. This year New Zealand was asking a 15 per cent increase; Community farmers had been awarded 2 per cent.

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