

europaean
community

PRESS RELEASE

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street Northwest, Suite 707, Washington, D.C. 20037 Telephone: (202) 872-8350
New York Office: 245 East 47th Street, New York, N.Y. 10017 Telephone: (212) 371-3890

LIBRARY

No. 11/1978

May 18, 1978

EC VICE PRESIDENT: EUROPEAN AND U.S. AGRICULTURE INTERDEPENDENT

The United States' biggest farm customer and biggest competitor--the nine-nation European Community--is doing its share to reduce world farm surpluses, EC Vice President and Agriculture Commissioner Finn Olav Gundelach said in a speech Thursday, May 18, in Kansas City, Mo.

Gundelach's remarks were made just a few days after the European Council agreed to a 1978-79 price program for the Community's Common Agricultural Policy.

In his remarks, the Danish-born European official emphasized the interdependence of European and American agriculture:

- * 20 per cent of all EC food imports come from the United States,
- * last year the Community bought nearly \$7 billion worth of U.S. farm produce, six times what the U.S. bought from the EC.

But the U.S. and the EC are becoming more competitive in the world market, said Gundelach. "You sell us a lot and you want to sell us more. We on the other hand," he added, "are alarmed at the one-sided nature of U.S.-Community farm trade. We do not want our farm deficit with the U.S. to get any bigger."

And just as U.S. farmers want to increase their third-country markets, so do the European farmers, Gundelach said.

The agriculture commissioner said he believed these "apparent conflicts" could be resolved in the current multilateral trade negotiations in Geneva by focusing on three areas: by establishing internal agricultural policies "so that we do not pass the whole burden of agricultural adjustment to other countries," by avoiding erratic price fluctuations on world markets, and by working to guard against unnecessary border restrictions.

Gundelach cited recent successful efforts by the European Community to bring farm prices and farm surpluses under control.

Last year the farm support prices, which are an integral part of the Common Agricultural Policy, were increased by an average of 3.9 per cent. But Gundelach said that this year's price increases have been cut back to an average of 2.1 per cent--considerably below the average Community inflation rate.

"At a difficult time for our economies--one of inflation combined with recession--we have sent a clear signal to our farmers," the EC agriculture commissioner said. "We have told them through their pockets: 'You are producing more than consumers at home and abroad can buy.'"

To reduce the Community surplus of almost 1 1/4 million tons of skimmed milk powder, the EC adapted its internal subsidy schemes so that this protein would be used in animal feed, Gundelach said. As a result skimmed milk stocks in the Community are now down to 750,000 tons.

Gundelach said the Community is resisting calls from its farmers for protectionism. On citrus fruits, however, he said the Community could not jeopardize its Mediterranean program--on which enlargement of the Community to include Greece, Spain and Portugal depends--to make concessions to U.S. citrus producers in the multilateral trade talks.

"We can turn trade into an economic battleground," said Gundelach, "or we can cooperate and respect each other's interests. We in the European Community choose the latter."

Gundelach's speech was read for him at the Kansas City symposium on "World Agricultural Trade and Its Potential for Growth" by Herman de Lange, the EC Washington delegation's agricultural expert. The 1 1/2-day symposium, to be attended by about 200 agricultural experts, also was to hear speeches from U.S. Department of Agriculture officials, Ambassador Alan Wolff, the U.S. deputy special representative for trade negotiations, Sen. Thomas Eagleton, grain traders, bankers and academics.

The symposium was sponsored by the Federal Reserve Bank of Kansas City, which serves a district that includes a large portion of the U.S. agricultural area.