

'Agriculture is the most serious Common Market obstacle for the UK' from the Corriere della Sera (5 May 1967)

Caption: On 5 May 1967, commenting on the ongoing accession negotiations between the United Kingdom and the Common Market, the Milanese newspaper Corriere della Sera analyses the difficulties inherent in adapting British agriculture to the Common Agricultural Policy (CAP).

Source: Corriere della Sera. 05.05.1967, n° 105; anno 92. Milano: Corriere della Sera. "Per l'Inghilterra nel MEC, il più grave ostacolo è l'agricoltura", auteur:Bonato, Corrado , p. 6.

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Agriculture is the most serious Common Market obstacle for the UK

Abandoning their own agricultural policy in order to fall into line with that of the European Community will lead to a significant increase in the cost of living for the British people — A number of difficult issues, which spill over into relations with the Commonwealth

One of the most important issues, if not the most important, raised by the entry of Great Britain into the Common Market at a technical level is agricultural integration. Its importance has been highlighted in the last few days by the British Government itself, which acknowledges the genuine difficulties arising from the different structural and market policy conditions that set the two agricultures apart: British agriculture, and the agriculture that we can now begin quite simply to call 'Community' agriculture. The conditions are such that harmonising them gives rise to many complex problems, whose resolution requires detailed studies and probably compromises as well, but in any event a great deal of time; here too lies the justification for a sufficiently long *transitional period*, which the UK is likely to seek once the terms of entry have been determined, to allow the necessary gradual adjustments to take place.

To understand the scale and nature of the difficulties posed by the agriculture issue, we should briefly summarise the situation in Great Britain. Before the last war, national agriculture met only a modest proportion of the country's requirements (approximately 35 %), and as a result Great Britain constituted the largest market for imports of agricultural products. The resulting large deficit in the agricultural balance of trade was covered by other contributions to the balance of payments, especially income from capital invested abroad and merchant navy chartering. Most of the imports came from Commonwealth countries, and still do, and were exempt from customs tariffs; in exchange, those countries guaranteed to give preference to imports of manufactured products from Britain.

In the post-war period, when those contributions to the balance of payments fell drastically, Great Britain was forced to give greater thought to agricultural production, the aim being to raise its level of self-sufficiency by encouraging greater efficiency and productivity in farming. The Agriculture Act 1947, which has been amended by successive legislation, laid the foundations for the new agricultural policy that took the shape of four-year programmes, the first of which dates back to 1948. The most recent programme, launched last year following the publication of White Papers in March and August 1965, is also for a four-year term and comes to an end in 1970. While maintaining the basic lines of agricultural policy followed previously, it heightens the production-oriented aims whereby it seeks to strengthen productive structures, especially those that are inadequate in scale, to encourage cooperation and to promote improvements in processes for placing goods on the market. The financial commitment has always been considerable, ranging from a minimum figure of 300 thousand million to a maximum of 580 thousand million Italian lire *per annum*.

Owing to the public measures put in place and also to the production-oriented boost given by those programmes, agricultural production now meets over 50 % of the national requirement and may currently be well on its way to 60 %. Despite that fact, the United Kingdom and its population of some 55 million is, and will continue to be, a major importer of agricultural products, making it obvious why it is of interest, from the point of view of agriculture, to the European Community, which has chronic production surpluses in several areas.

Britain's agricultural policy, however, uses very different mechanisms from those adopted in the European Common Market. That policy is based on the principle of contributions to reduce the burden of certain factors of production and its principal feature is deficiency payments: in other words, the system is one whereby producers are paid direct subsidies equal to the difference between the price guaranteed to them by the State and the price obtained on the market. The policy, which is also considered socially justifiable, aims both to ensure satisfactory incomes for producers and to keep market prices, and therefore consumer prices, low. A consistent comparison for these purposes can be found in the system of cheap, or world-price, imports discussed earlier.

It is clear that the abandonment of that policy in order to fall into line with the policy of the European Community will result in higher market prices for agricultural products for the United Kingdom, increasing the cost of living and prices across the board, as well as bringing about widespread inflationary conditions. Moreover, this will lead to deterioration in the balance of payments because Great Britain will have to import at higher prices as a consequence of the protective measures adopted by the Community. Preferential relations with the Commonwealth countries will obviously undergo profound change.

As regards the funding of the agricultural policy, in view of the familiar mechanism of the European Fund (EAGGF) — whereby, in short, the importing countries are the fund-providers — and in view of the substantial volume of its imports, the United Kingdom would become the largest contributor to the resources of the Fund itself, thereby alleviating the burden on other Member countries.

In the light of the few but very significant issues set out here, the complexity of the process of integration that British agriculture would have to undergo is evident. Also evident are the ensuing benefits for Community agriculture and the sensitivity of the repercussions of such integration on economic life in general in the United Kingdom. It therefore stands to reason to expect Great Britain to seek a *quid pro quo* or a compromise of some kind, whether in terms of agricultural policy or economic policy. The important thing is that requests of that nature should not call into question everything that has been so hard-won hitherto in terms of general principles and that there should be a joint resolve to overcome these substantial obstacles.

Corrado Bonato