

Irish Farmers' Association, E.E.C. Questions and Answers

Caption: In 1972, in the run-up to the referendum on Ireland's accession to the European Communities, to be held on 10 May, the Irish Farmers' Association sends out the results of a detailed study to its members analysing the potential advantages and disadvantages of the country's participation in the Community system.

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CHAPTER 2

IMPACT OF EEC MEMBERSHIP ON IRISH AGRICULTURE:

A study recently carried out by the I.F.A. Economics Section showed that full E.E.C. membership would increase farm income **from our present volume of output** by over £80 million net in total. This calculation was carried out on a rather conservative basis, assuming the following price changes:

Milk	+ 51.7%
Beef	+ 47.6%
Sheep	+ 47.5%
Pigs	+ 21.8%
Feed barley	+ 22.5%
Malting barley	+ £6.25 per ton
Wheat	no change
Oats	no change
Poultry and egg	no change
Sugar beet	no change
Potatoes and other vegetables	no change
Fertilizers and lime	+ 34.1%
Seeds	+ 34.1%
Rates	+ 78.1%
Other expenses	+ 34.1%

The product price increases assumed are conservative, since the general level of E.E.C. prices at the moment are higher than ours by more than the assumed margin of increase. If we join the E.E.C., prices when the C.A.P. is being fully applied are likely to be higher than they are now. This would result in a greater increment in value by comparison with the present value of output.

For a number of commodities, a "no change" situation was assumed in relation to prices simply because it was extremely difficult to foresee just how prices would move. For sugar beet, potatoes and oats at least, it would be reasonable to expect some degree of price increase.

As far as cost elements are concerned, it would appear that the assumed increases represent a reasonable expectation of what is likely to happen.

It is clear that the levels of price change expected to result from membership would have their effects on both the volume and the pattern of output. The calculation presented above is a purely "static" one. Without going into the details of what kind of changes would be expected we can at least say this: the changes would be such as would result in higher farm incomes, simply because the only reason for which farmers would change their pattern of production would be the aim of achieving higher incomes.

A number of projections of the effect of the E.E.C. membership on agricultural production in this country have been made. The principal ones were made by Mr. Raymond Crotty ("Ireland and the Common Market An Economic Analysis of the Effects of Membership"); Messrs. Lucey and Josling (paper entitled "The Market for Agricultural Goods in an Enlarged European Community" given at the A.G.M. of the Agricultural Economics Society of Ireland, Dublin, October 1971); and Prof. R. O'Connor ("Projections of Irish Cattle and Milk Output under E.E.C. Conditions"; given at a meeting of the Agricultural Economics Society of Ireland, Dublin, February 28, 1972.). The latter two, together with studies carried out by the I.F.A. Economics Section, indicate a positive effect on the levels of output and incomes. Mr. Crotty's conclusions are based, to a large extent, on arbitrary assumptions as to the amount of land available for

agricultural production, and do not stand up to critical examination. The Irish Grassland and Animal Production Association proposed a set of targets for cattle, milk, sheep, pig and cereal production, all of which appear to be technically feasible, given E.E.C. membership conditions.

These studies confirm the expectation that membership would stimulate output in this country, with beneficial effects on farm income.

This is not to say, however, that the full possible impact on levels of output and income would be automatically felt. In many parts of the country, the achievement of rapid increases in production will demand vigorous action on the reform of farm structures, and a sustained effort to ensure a much more intensive pattern of land use. Over the country generally, the expansion of output will be dependent on the provision of:

- (a) adequate loan capital, at suitable interest rates;
- (b) in the livestock sector, schemes specifically designed to raise the level of activity in the breeding sector.

The I.F.A. is currently involved in discussions with lending agencies, to examine the prospects in relation to capital availability. At this stage it can be said that the prospects are favourable.

CHAPTER 3

SUMMARY OF PROSPECTS OF MEMBERSHIP FOR IRISH AGRICULTURE:

Irish membership of an expanded E.E.C. would put us in a position in which our agricultural exports would go to markets which would pay substantially higher prices for our products than is now the case.

Arbitrary changes in the terms on which we sell to our main export markets would be ruled out by the operation of E.E.C. market regulations. This would free us from the type of restrictions inherent in past arrangements in relation to the U.K. market.

Membership would enable us to look forward confidently to a remunerative level of prices for our agricultural produce.

It would provide us with the stimulus, in terms of prices and market opportunities, to expand production and make full use of our agricultural resources.

OTHER EFFECTS:

The benefits which would accrue to agriculture from E.E.C. membership would not remain simply within the farm gate. An expanding agriculture would:

- (a) buy more of the products of Irish industries supplying fertilisers, feedstuffs, fuel, machinery and all of the other items used by farmers in the course of production — this would necessarily result in **increased employment** in these industries;
- (b) produce a greater volume of raw materials for our food processing industries (e.g. milk processing, animal slaughtering and meat processing etc.) — an increased level of activity in these industries would again provide an increase in the total number of job opportunities;
- (c) increase the spending of farmers and their families on their own living-standards — this would result in a significant increase in consumer demand, in towns and villages throughout the country, leading in turn to further benefits in terms of new job opportunities.

CHAPTER 4

LAND POLICY:

The Land Act 1965, provides for the prohibition of land purchase in Ireland by non-nationals, without the

consent of the Irish Land Commission. Present E.E.C. regulations in this respect are that a national of any Member State may acquire agricultural land in any other Member State subject to one of the following conditions:

- (a) the land must have been abandoned or left uncultivated for more than two years, or
- (b) the person concerned must have worked as a paid agricultural worker for an unbroken period of at least two years in the State in which he wishes to acquire the land.

While it must be admitted that these provisions are not as comprehensive as those of our 1965 Land Act, the effect of their implementation in this country, in terms of the areas of land which would be acquired by non-nationals, would be virtually the same as that of our Act.

Further movement in the direction of removing restrictions on land purchase is likely to be slow. Indeed the specific provision in the Rome Treaty in this regard (Article 54. 1 (e)) indicates that regard must be had to:

- "(a) the particular character of agricultural activities, arising from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
 - (b) the need to make the appropriate adjustments gradually: and
 - (c) the fact that in Member States agriculture constitutes a sector which is closely linked to the economy as a whole".
- (V. Treaty, Article 39.2).

These provisions indicate that there is clear recognition, even in the Treaty of Rome itself, of the sensitive nature of the question of freedom of establishment in agriculture.

What would this mean in the context of land policy in this country, as a member of an expanded E.E.C?

It means, quite simply, that we would be free to draw up a land policy designed to promote rapid improvements in our farm structure, as long as the policy was non-discriminatory, as between Irishmen and non-nationals.

A policy which provided for the reservation of land in any locality for the purpose of enlarging farms in that locality would be compatible under the terms of the Treaty of Rome.

This would be so because such a policy would discriminate equally against non-local Irishmen (and indeed against non-farmer Irishmen) and non-nationals. In other words, non-nationals would be treated on the same basis as Irishmen.

The adoption of such a policy would be an internal matter for the Irish Government, and would be facilitated by vigorous farmer pressure in the right direction.

CHAPTER 5 STAYING OUT

It is sometimes argued that we do not really need to join the E.E.C., since we are doing rather well in agriculture as it is, and that the degree of trade liberalization brought about so far by the Anglo-Irish Free Trade Area Agreement (A.I.F.T.A.A.) is already causing rather serious problems in the industrial sector.

This, and similar arguments are fallacious. It is quite true that the out-turn of both 1970 and 1971 in agriculture were reasonably satisfactory in terms of the overall growth in incomes in those years. It must be remembered, however, that the evidence available indicates that the rate of growth in per head incomes was less in agriculture in both of those years than in other sectors.

Next, it should be remembered that not all sectors of agricultural production benefited equally. In 1971, for example, there was clear evidence that margins in both sheep and pig production were squeezed.

Finally, much of the improvement in agricultural prices and incomes in 1971 was brought about by a tendency to anticipate the effects of E.E.C. membership, on the assumption that we would enter on January 1, 1973.

This was particularly evident in the case of creamery milk prices. The Government took action to increase the general level of prices, and to remove price discrimination as between different producers, in order to secure a worthwhile price benefit as soon as possible after joining, and to adopt the system of payment for milk to that currently in force in the E.E.C.

Young cattle prices showed a remarkable degree of buoyancy, for a number of reasons. Heifer calves and in-calf heifers fetched high prices because of the creamery milk price situation (where the improvement reflected E.E.C. anticipation).

Bull calves and young bullocks fetched high prices, on the basis that E.E.C. membership and the higher price which this would mean for finished beef animals, would be a reality by the time these cattle were ready for slaughter, or final export as fat or forward store animals.

This is not to suggest that these were the only factors operating, but there is no doubt that they had an important influence.

The conclusion which emerges clearly is that the improvement in agricultural prosperity in the past two years, and particularly during 1971, was tied up with the expectation that Ireland would become a member of the E.E.C. It may also have reflected, to some degree, a similar expectation in the U.K.

Had this expectation not been there, the outcome in terms of agricultural incomes in those years would clearly not have been the same.

PROSPECTS OF NON-MEMBERSHIP:

At this stage, it is clear that anything we may say about the future must take account of the fact that the U.K. will become a member of the E.E.C. on January 1, 1973, The option of remaining outside the E.E.C. must be examined in that light.

During the period 1/1/73 to 31/12/77, the U.K. will gradually align its agricultural and external trading policies with those of the E.E.C. We have already seen in Chapter 1 above what effects of the implementation of the C.A.P. among the Six had on our agricultural exports. They were serious enough in terms of the total export earnings involved. The effects of a similar system of duties and levies being applied to the U.K. market — by far the most important market for our agricultural produce — could not but have the most serious consequences for Irish farmers and, as a result, for the economy in general.

If we remain outside the E.E.C., we would either have to face a situation in which we would be attempting to sell to the U.K. market over the same kind of barriers which now face us in dealing with the Six, or try to negotiate some arrangement to give as preferential access to agricultural produce markets inside the expanded E.E.C.

There is no disputing that the first of these situations would prove extremely damaging for our economy. We could at any time in the past seven or eight years sold beef inside the E.E.C., but the returns to producers would have been totally unsatisfactory. We could in future, if we remain out, sell beef under the same conditions. We could probably continue to sell lamb under present-type (and unsatisfactory) arrangements. The adoption of a common policy in the sheep sector would further complicate an already difficult job.

Prospects for selling dairy produce would be extremely dubious. The Six are showing signs of moving back into surplus. The position of a third country selling even to the U.K. deficit market would be anything but

favourable.

TRADE AGREEMENTS:

The prospects of negotiating a favourable trade agreement for agricultural produce would not appear very hopeful. The E.E.C. has two trade agreements covering the import of beef from third countries. These agreements provide for some reduction in the **variable levy** applicable to beef imports, but not for any reduction in the E.E.C.'s **common external tariff on beef**.

The E.E.C. has not made any trade agreement with a third country for the import of dairy produce (with the exception of the arrangement in relation to New Zealand, which is a special case, and will be dealt with later).

Any trade agreement which we would secure would necessarily contain provisions for free trade in industrial products. Thus, any such agreement would involve some or all of the difficulties which membership would cause in the industrial sector, without any substantial compensatory benefit in terms of participation in the C.A.P.

ASSOCIATION

The E.E.C. has made it clear that it will not contemplate further Association agreements with European countries. Neither the E.E.C. nor its two European associates (Greece and Turkey) are satisfied with their experience of Association agreements.

CHAPTER 6

SOME QUESTIONS AND ANSWERS:

The main aspects of the E.E.C. membership question have been dealt with above. What follows here is a series of the more common questions which have arisen so far in the course of the debate, together with the answers which can be given on the basis of available information.

COSTS:

Q. What effect would E.E.C. membership have on Irish farmers' production costs?

A. The following figures illustrate the difference in prices of some inputs during 1971.

Agricultural Cost Factors — E.E.C., Ireland and other candidate countries:
(Source: IFAP Prices Questionnaire, 1971).

1. Average cost per hour of Adult Male non-specialized agricultural worker.

Ireland	37p	(no provision for overtime)
Belgium	59p	(no provision for overtime)
Denmark	64p	
France	37p	
Germany	59p	
Netherlands	70p	
Norway	80p	
U.K.	48p	

Figures above are approximate: it is not known whether or not they all include social security payments (as

the Irish figure above does) or any element of overtime payment (the Irish figure above does not),

2. TRACTOR PRICES AND COMBINE HARVESTER PRICES 1971 (£)

	Tractors MF 135	Tractors Ford 4,000	Combine Claas Consul 3-metre
Ireland	1,255 (1)	1,460 (1)	4,270
Belgium	1,412 (2)	1,450 (2)	3382 (2)
Denmark	1,372	1,551	3,497
France	1,667 (3)	2,143 (3)	4,219 (3)
Germany	1,935 (4)	2,561 (4)	4,189 (4)
Netherlands	1,503 (5)	1,826 (5)	3,659 (5)
Norway	1,600	1,812	3,963
U.K.	1,314 (6)	1,667 (6)	3,501

NOTES:

- (1) Including £70 for safety cab
- (2) 18% VAT included
- (3) Including all taxes
- (4) 11% VAT included
- (5) Excluding 14% purchase tax
- (6) Including safety cab.

3. AVERAGE PRICES PAID BY FARMERS FOR GAS DIESEL OIL, 1971

(Net prices inclusive of rebate).	(p. per gallon)
Ireland	8.2
Belgium	9.0
Denmark	8.2
France	10.0
Germany	14.4
Netherlands	8.8
Norway	10.3
U.K.	7.9

4. FERTILIZERS:

Irish fertilizer manufacturers are confident that their prices would be competitive with those of other manufacturers in an expanded E.E.C., even if the subsidies on phosphate and potash were removed. Available evidence tends to bear this out, but further investigation is required.

The question of our existing fertilizer subsidies was not raised during negotiations with the E.E.C. Our approach should be that these subsidies should be retained (or perhaps removed on a phased basis) until we were at full E.E.C. price levels, or until some other member objected — whichever be the later.

A notable feature is the wide range of difference in prices, even among the present Member States. Since none of the items for which figures are given above are subject in any way to common pricing regulations, prices in any Member State depend on the particular circumstances (including sales tax regulations) within that State. For the foreseeable future, levels of sales taxes and excise duties in either the present Community, or an enlarged Community, would be a matter for each Government to decide in the light of its own circumstances. Thus, for example, the cost of fuel oil to the Irish farmer will continue to depend on Irish Government policy in relation to excise duties. (See also below under Taxes).

Wage-rates of agricultural workers are not subject to any central co-ordination in the Community.

Feedstuff prices in this country would rise in line with the rising of feed grain prices to E.E.C. levels over the transition period. For example, the effect of a 22.5% increase in barley prices in stages, over the transition period, would increase the price of pig rations, (containing 70% barley) by just under 16%.

Q. Would land prices in this country increase as a result of membership?

A. Yes, open market prices would tend to increase in line with the increase in the value of land as a productive resource, arising from higher agricultural prices generally. This effect of raising land prices would be modified to the extent that action was taken to channel land coming on the market through a central agency, which would either sell, or preferably lease the land to farmers, in the context of a structural improvement programme.

Q. Would adoption of the C.A.P. increase farmers' costs of living?

A. Yes. It is estimated that the increase in food prices would add about 4% to the cost of living of the average family, over the five-year transition period. Lower-income groups (including many farmers) would experience a rather larger increase in living-costs, since they spend a greater proportion of their income on food. As far as farmers are concerned, increases in living-costs would be much less than increases in incomes. The Government, during the March 1972 debate on the E.E.C. in the Dail, signified its intention to adjust social welfare payments to take account of increased living costs.

TAXES:

Q. What changes in our tax structure would have to be brought about as a result of E.E.C. membership?

A. Value Added Tax (V.A.T.).

The V.A.T. system is the only common taxation system within the E.E.C. The Council of Ministers decided that this should be the standard form of sales taxation in the Member States. All of the Six currently operate a V.A.T. system, with the exception of Italy, where it is expected to be introduced this year. The Irish Government has proposed a system to come into operation this year; the U.K. will have one, beginning in April 1973; Denmark and Norway currently operate V.A.T. systems.

The I.F.A. and the I.A.O.S. have made a joint submission to the Government, designed to counter possible ill-effects of the proposed system on agriculture.

RATES AND INCOME TAX:

There being no common taxation system in the E.E.C., membership would not have any effect on our Rates or Income Tax systems. Any decisions in relation to changes in these systems would, for the foreseeable future, be a matter for the Irish Government.

EXCISE DUTIES:

No progress has been made in the E.E.C. on the harmonization of excise duties. There may soon be a proposal to define areas in which excise duties might be levied — in other words, a proposal to harmonize the range of products subject to excise duties. There is, at the moment, no evidence of any willingness in the E.E.C. to harmonize the rates of excise duties, or the application of exemptions.

FARM STRUCTURES:

Q. Does the Mansholt Plan mean that smaller farmers will be phased out of agriculture?

A. There is no "Mansholt Plan". What is commonly referred to under this heading is the "Memorandum on the Reform of Agriculture in the Community", published by the E.E.C. Commission in December 1968. This Memorandum contained, amongst other things, proposals for the development of Economic Production Units (E.P.U's). These proposals were widely discussed inside the E.E.C., and have been considerably modified in the intervening period.

Present E.E.C. proposals for farm structural reform contain the following main elements:

- (i) Aids to potentially-viable farms which could, over a six-year period, operate a farm plan which would provide for one or two workers on the farm an income comparable to that earned locally in non-agricultural occupations;
- (ii) Pensions for elderly farmers wishing to retire;
- (iii) Measures to redistribute land given up by retiring farmers, in order to improve the structure of neighbouring farms.

Allegations that aids would be refused to farms with less than specified large acreages of cereals, numbers of stock etc. are totally untrue and grossly misleading.

Furthermore, the current E.E.C. proposals appear still to leave considerable scope for **national** aids to farms not coming up to the potentially-viable category (as defined in the proposals) **as long as these aids are not tied to particular products.**

Present E.E.C. proposals on farm structures would, in fact, considerably assist farm development in this country.

GRANTS:

Q. Would E.E.C. membership involve the abolition of our present system of grants for farm buildings and for Land Project work?

A. **FARM BUILDINGS:**

No. Our farm buildings grant scheme has its counterparts in some of the existing Member States. It is proposed, however, that farmers in the Community would have access to interest subsidies on borrowing for the purpose of farm development, with the cost of the subsidy being provided from E.E.C. funds, in whole or in part. If this proposal became a reality, it might be worthwhile from the farmers' point of view, and from that of the Government, to replace grants with subsidized loans.

LAND PROJECT:

The type of work now being carried out under the Land Project now qualifies for aid from the Community's Agricultural Fund. (This, incidentally, shows the fallacy of statements frequently made that the "Mansholt Plan" would prevent continuation of this kind of work on Irish farms). While proposals which would have the effect of directing expenditure under the "Guidance" section of the Fund more specifically towards structural improvement, than is now the case, it appears nevertheless that Land Project-type work would remain within the scope of aids from the Fund. More planning would be needed in order to ensure participation by the Fund in financing this kind of operation in this country. The Fund does not deal with individual farm projects. Applications for aid would have to be submitted on a group basis, covering a number of farms.

Q. Would E.E.C. membership necessitate the abolition of the Beef Cattle (Incentive) Scheme, the Mountain Lamb Subsidy Scheme, and the Hogget Subsidy Scheme?

A. It is not clear what the position would be in relation to the Beef Incentive grants. The simplest approach would be simply to continue with the scheme, until such time as an objection was raised. In that event (or indeed at the prior discretion of the Government — subject to consultation with farmers), the scheme could be altered to have a more specifically regional character.

The E.E.C. Commission has proposed a beef expansion scheme starting at a herd size of 30 cattle (of which 20 must be cows). This, at the moment is only a proposal, and likely to be much modified before being adopted (if indeed it is adopted). At this time, there is no common policy for sheep in the Community. Subsidy arrangements in this country would therefore be unaffected. The E.E.C. Commission has also proposed an expansion incentive scheme for sheep, but this is still only a proposal.

REGIONAL DEVELOPMENT:

Q. Would E.E.C. membership make regional development in this country more difficult, by attracting labour and capital out of our under-developed areas?

A. The success or failure of regional development programmes in this country is primarily a matter of the efficiency of **our own policies**. E.E.C. membership would affect regional development in four main ways:

- (i) Irish membership would create a situation in which the setting up of a plant in this country would be a viable proposition for an industrialist: from outside the E.E.C. Goods produced here could move into the "Six" duty free after the transition period, during which customs duties would be diminishing. This would improve the attractiveness of this country as an operating base, by comparison with the situation today. On the other hand, this attraction could not be brought about if we remained outside. Furthermore, the attraction of this country as a base from which to supply the U.K. market would gradually disappear over the transition period (bringing problems not only for foreign industrialists here, but also for native industry).
- (ii) The E.E.C. has no common regional policy, as such. Certain common steps are, however, being taken. Firstly, it has been agreed to limit the scale of industrial aids in the more highly-industrialized areas of the Community. Secondly, funds are available from a number of agencies within the Community, to assist in regional development activities.
- (iii) The increased levels of incomes in agriculture which would result from the application of the C.A.P. would increase the overall level of economic activity in all areas of the country, including the underdeveloped areas. This in itself would make a useful contribution to the process of regional development.
- (iv) The special Protocol negotiated for Ireland recognizes the necessity for measures to reduce regional imbalances within this country.

In the context of all these factors, it will be up to the Irish Government and other authorities to draw up effective programmes for regional development.

SOCIAL WELFARE:

Q. Would membership of the E.E.C. necessitate the discontinuance of Unemployment Assistance payments to small farmers?

A. No. Social welfare policies are a matter purely for each Member Government.

STAYING OUT:

Q. If we were to remain outside, would the U.K. not endeavour to secure special arrangements in our favour, since we are her third best customer in the world?

A. This would be an extremely dubious proposition. We buy some 5% of the U.K.'s total exports. The main reason for buying from the U.K. is simply that it makes commercial sense to do so. If goods could be got cheaper elsewhere, we would now be buying them elsewhere. (For example, we import the greater portion of our coal requirements from Poland, and a much smaller proportion from the U.K.). If the U.K. were to lose any substantial proportion of her trade with this country (and a reduction of U.K. exports to Ireland would necessarily result from the inevitable slowing down of our economy if we were to remain outside an enlarged E.E.C.) then she could confidently look to expansion of trade with other members of an expanded E.E.C. to remedy the deficiency.

THE NEW ZEALAND ARRANGEMENT:

It is sometimes contended that, if we were to remain outside an expanded E.E.C. and secure an arrangement similar to that secured for New Zealand, we could retain a relatively favourable position in relation to agricultural exports, and avoid the effects of full trade in industrial products. This is a false argument. Firstly, there would inevitably have to be some reciprocity in any agreement — concessions by the E.E.C. in relation to agriculture being balanced by Irish concessions in relation to industrial products. Secondly (and much more important) an arrangement like that negotiated for New Zealand would not, in fact, be advantageous to us: on the contrary, it would involve a deterioration of our situation as far as exports of dairy products are concerned.

The New Zealand arrangement is as follows:

- (i) over the transition period (up to the end of 1977) New Zealand exports of dairy produce to the U.K. are to be phased **down** to 70% of 1972 Milk equivalent (80% for butter, and 20% for cheese);
- (ii) the prices which New Zealand will receive for these quantities will be **the average of prices received in the period 1969-1972.**
- (iii) the agreement will be reviewed at the end of the transition period.

Thus, this agreement provides for a **reduction** in the quantity of New Zealand exports, **at prices lower than those ruling at the moment**, and considerably lower than even the present level of E.E.C. prices. Such an agreement would offer no advantages for Irish dairy produce exports.

INDUSTRIAL TARIFFS:

Q. Is it not true that, if we remain outside the E.E.C., our industrial exports would meet a barrier of only 7½%, that this barrier would be diminishing, and that this would not cause excessive difficulties to our industrial exporters?

A. No, none of these things are true. The 7½% "average" E.E.C. tariff is an average of the whole spectrum of E.E.C. tariff rates, ranging from zero on many industrial raw materials, up to 20% on agricultural imports, and on some industrial products. The range of E.E.C. tariffs on items such as clothing and textiles, plastic goods, pharmaceuticals, footwear and carpets is now between 17% and 20%. Thus, the **effective** average tariff on our exports to the E.E.C. is very much higher than 7½%. It must also be remembered that if we remain outside an enlarged E.E.C. and the U.K. joins these **tariffs would gradually be applied to our exports to the U.K.**, until they are applied fully at the end of 1977, at whatever the rate would then be. The effect of this kind of development in relation to our exports would have the most serious effects on employment in this country.

CHAPTER 7

CONCLUSION:

The conclusions of this analysis may be summarized as follows:

On the one hand, E.E.C. membership would:—

- (i) result in higher prices for agricultural products;
- (ii) raise farm incomes;
- (iii) provide a stimulus for rapid expansion of agricultural production, leading to higher levels of farm income;
- (iv) provide extra job opportunities in farm input and food processing industries;
- (v) provide extra employment opportunities as a result of increased purchasing power in rural areas;
- (vi) prevent an erosion of the position of our export industries.

On the other hand, a decision to remain outside would:

- (i) create serious difficulties in exporting agricultural commodities;
- (ii) jeopardize employment in our export industries.