

Agriculture by Susan Brady

European Community sets CAP prices

British manipulation of the EC forced a compromise that means more trouble for European agriculture.

After nearly two months of stalling, the European Community on May 18 went ahead with a majority vote over Britain's bitter protestations to set a new agricultural price package for 1982-83.

Throughout the meeting, the British had insisted that there was no legal basis for such a vote, but that did not stop the Nine from forcing through, at long last, a voice vote denying the United Kingdom any right of protest. The new prices take effect on May 20.

The package gives the farmers an average 10.7 percent price increase, somewhat lower than the French demands and not quite keeping pace with inflation. Britain wanted only a 6 percent increase.

Then, in what the British portray as a magnanimous concession, the United Kingdom has agreed to accept the EC's offer of a £450 million rebate, instead of the £570 million they had demanded. That is a 75 percent reduction from their regular contribution to the EC budget.

Though the agreement settles this year's budget, the issue is not settled. By the end of the summer, discussion will begin on next year's budget, and Britain will no doubt raise the demand for a long-term agreement. Another pending issue is West Germany's refusal to continue to be the sole "net" contributor to the Common budget to the current extent. At this point all EC members other than the United

Kingdom and West Germany are net beneficiaries from the budget.

Britain's demand to pay less to the EC than the Nine stems from the fact that they import over 60 percent of their food needs from Commonwealth nations outside the Community, which require heavy customs duties although the food products are relatively cheap. Western Europe's concession to continue the sanctions against Argentine imports indefinitely enables Britain to milk the EC for what it can get, while purporting to have done the gentleman-like thing by settling the budget so quickly.

This situation has prompted France to raise the issue of renegotiating Britain's status in the EC, and there is talk of reviving de Gaulle's plan of "association." De Gaulle's plan and the current one differ in a vital regard. Both agree that Britain should have a free-trade relationship with the EC, but the new plan also allows Britain to have a political say in the European affairs, creating a "two-tier" Community the West German claim will degenerate rapidly. Britain will then have gone a long way in achieving its goal of turning the EC into a free-trade association.

British Agricultural Minister Walker haughtily described the voice vote tactic used to override the British veto of the price increases as "a very remarkable steamrolling operation which will reflect very badly on the Brussels Commission

and the Community. I pointed out that the event overturned a basic understanding of the way the Community works and reaches decisions, and that method is no longer in existence, having been totally violated for the first time in 16 years."

The annual price increase for the Common Agricultural Policy (CAP) is based factors including the cost of production, prevailing market prices, and a fair profit for farmers, resembling the American system of parity.

Because inflation has been at an average 11 percent, ranging from 6 to 19 percent at the extremes, any price increase per country below inflation rates will erode farmers' incomes and profits and force borrowing at high interest rates.

The combination of reduced world trade plus high interest rates and increased costs has brought down real incomes for EC farmers by 12 percent since 1979. This puts pressure on individual countries to support their own farmers, or see the collapse of their agricultural sectors. The new budget provides for a 7 percent increase in farm spending.

The three-week delay in setting the new price cost European farmers, including Britain, some \$400 million is reduced income.

Europe's militant farmers became extremely discontented. In the traditional European way, Belgian farmers staged two tractor blockades at the Common Market Foreign Ministers meeting in Brussels on May 9. The demonstrators carried placards reading "European farmers do not want to pay for Britain's War in the Falklands" and "eight million EC farmers are more important than 1,800 Falklanders."