Paper presented at an Irish Congress of Trade Unions conference on Irish agriculture and the EEC (1971)

Caption: In 1971, Patrick O'Keefe, editor of the Irish Farmers' Journal tells Irish trade union activists about the advantages that the country's membership of the European Economic Community would bring to Irish agriculture.

Source: O'KEEFE, Patrick. Irish agriculture and the EEC : Irish Congress of Trade Unions conference, The EEC - is there an alternative?. [s.l.]: 1971. 3 p.

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Irish Congress of Trade Unions – Conference on E.E.C.

"Is there an alternative"?

"Irish Agriculture and the E.E.C."
Patrick O'Keeffe, Editor, Irish Farmers' Journal.

E.E.C. entry will provide Irish farming with an opportunity to expand to an unlimited extent at attractive price levels. For the first time in history Irish farming is being given an opportunity to realize the potential that exists in our soil and climate. Since the beginning of this State Ireland has been forced to sell its food products at prices that have been artificially depressed.

The E.E.C.'s agricultural policy provides a high level of protection for European farmers from the depressed price levels of food in world trade. In general E.E.C. farm prices are about 50% higher than current Irish price levels.

Price levels are maintained by (i) a levy on foodstuffs entering the Community from outside countries. This level is equivalent to the difference between outside or "world" prices and the higher price levels of the Community; (ii) should the levy system fail to maintain prices, the Community will "intervene" and buy up surplus stocks; (iii) E.E.C. countries that normally export foodstuffs outside the Community obtain a subsidy equivalent to the difference between Community prices and "world" prices.

The average price levels mentioned above will vary to a degree with the quality of product, the marketing capacity of the producer and of his co-op. and the local costs of processing and marketing. For instance, some good Dutch creameries pay 4/1 per gallon for milk while some poor French creameries are paying down to 3/3 per gallon; fat cattle in the E.E.C. averaged about 300/- per cwt. live weight in the first half of 1970.

There is free and uninhibited movement of goods between the member states of the Community. The only exceptions to this rule are occasional embargoes because of disease such as swine fever in certain areas or countries. The maintenance of existing health controls will be an important question for this country.

Food exported from Ireland to the Community at present is subject to the normal E.E.C. levy. For instance, the current levy payable on Irish beef is over 80/- per cwt. Levies must be paid as long as Ireland remains outside the Community. There are no loopholes. On the other hand, when Ireland enters we will participate directly in all protection of the Common Agricultural Policy. Ireland will be in a position to obtain the produce prices earlier mentioned with all the increases on those prices that time may bring. The new member countries will share in every benefit enjoyed by existing members even with products such as dairy produce that may be in surplus.

For the first time Ireland will have unlimited markets for farm produce at favourable prices. At present output is damped down by various devices; milk production is held back by the multi-tier price arrangement; wheat production is restricted by the levy system; sugar beet and processing vegetable acreages are rationed; beef exports to the U.S. are on quota and exports to Europe are severely restricted by levy; lamb exports to Europe are subject to heavy levies and are cut off entirely for a considerable portion of the year. E.E.C. prices are about 50% above present Irish produce prices. Yet, to maintain the lower Irish price levels Exchequer support amounting to £45 million per annum is necessary. The agricultural industry will undoubtedly respond to the incentives of higher prices and unfettered production.

Balance of payments

At present levels of production the value of beef exports will increase by £50 million; dairy exports will increase by £40 million and lamb exports by £2 million. This total of £92 million in increased export revenue is a direct result of the higher E.E.C. prices that will be paid for our main farm products. Exports of pigmeat would also fetch higher prices.

This amount will be counterbalanced to a small degree by the E.E.C. levies on food imports to Ireland from outside the Community. The net gain to the national balance of payments is therefore likely to be about £90 million.

Exchequer saving

At present Exchequer support amounting to £45 million approximately is needed to maintain Irish farm prices. On entry into the Community direct Irish Exchequer responsibility for farm prices will cease. Any intervention that may be necessary will be financed by Community funds, to which the Irish contribution will be considerably less than the present level of Exchequer price support for agriculture.

The higher E.E.C. farm prices will have an immediate effect on farmer purchasing power with multiplier effects throughout rural areas. For instance, with higher milk and calf prices the gross income of a 20 cow dairy farmer would increase by over £1,000 per annum; in 10 million gallon creameries the increased gross income would amount to almost £1 million. A high proportion of this increased income will circulate locally as farmers will be in a position to pay for increased services, trades staff and farm development. Rural towns will benefit in population and trade from this greater level economic activity.

Expansion in agriculture will stimulate further growth in the Irish food processing industry. In beef the removal of the British deficiency payment system and free entry of Irish beef into Britain and Europe at a price of £15 per cwt. or more will lead to a reduction and an eventual elimination of the store cattle trade.

We are unlikely to see any increase in the export of live fat cattle because beef is about 50% cheaper to ship than live cattle and Irish factories are more efficient at every level of production than their counterparts in Britain and Europe. With the elimination of the store trade and a growth in Irish beef production the existing Irish beef industry is likely to double its throughput over a 7-year period from the beginning of the transition. With the trend of the beef trade away from carcase export and into pre-packed and boneless cuts the meat industry is also likely to become more labour intensive. At present 7,000 people are employed in the Irish meat industry.

Similarly, in milk production, an increase in milk price to 3/9 per gallon or more will lead to a considerable expansion in Irish milk output. Judging by the expansion that took place in Ireland during the period 1960-1969 a growth of 50 million gallons per annum could be expected. This would mean a doubling of throughput in the Irish milk processing industry over a ten-year period. Processing trends are also likely to move away from butter into more labour intensive products. At present 5,000 people are employed in the milk processing industry. With increased throughput and greater sophistication, an increase of up to 20,000 jobs in the food processing industry could be envisaged.

Ireland has a considerable competitive advantage over almost every area of Europe in the production of beef, lamb and milk. This advantage arises from the higher yields of grass obtained in Ireland and the fact that Irish grass growth is spread over a long growing season. There is also an advantage in the capital cost of housing since Ireland's winter climate is relatively mild.