Report by Émile Colling at the Agriculture Conference of the EEC Member States (Stresa, 3–12 July 1958)

Caption: On 4 July 1958, the Luxembourg Agriculture Minister, Émile Colling, gives an address to the Stresa Agriculture Conference, held from 3 to 12 July 1958 and attended by the representatives of the Member States of the European Economic Community (EEC). He outlines the implications of the special safeguard clause and the opinion of the Luxembourg Government with regard to the establishment of a common agricultural market.

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‘I should like to make one preliminary observation: as Luxembourg is the only country in the Six for which the Treaty provides a safeguard clause in the agricultural domain, I shall limit my analysis to this particular situation. I shall explain the Luxembourg Government’s plans gradually to integrate Luxembourg’s agriculture into the Common Market.

Firstly, it could be supposed that, for the Grand Duchy, which is by far the smallest partner in the future Community — accounting for 0.1 to 0.2 %! — the problems of integration would be correspondingly small. Unfortunately, this is not the case; on the contrary, the difficulties caused by integration on a national level are inverse to the size of the country and the importance of its agricultural market.

Luxembourg’s agriculture is in a special situation as a result of a two-fold inferiority:

Inferiority with regard to other economic sectors of the country, and;

Inferiority with regard to the agricultural sectors of the other countries in the Common Market with whom, in 12 to 15 years, it will have to compete directly.

This two-fold inferiority results from the unfavourable natural, structural, technical and economic conditions prevailing in the agricultural sector which, overall, may be considered marginal.

After an in-depth study of the specific situation of agriculture in Luxembourg, the Treaty negotiators proposed a safeguard clause for the Grand Duchy — later accepted by its partners — which permits us to maintain, during the transitional phase, the quantitative restrictions on agricultural imports included in the list established by GATT in its decision of 3 December 1955 on the subject of the Luxembourg ‘waiver’. For its part, the Grand Duchy agreed to take all the measures of a structural, technical and economic nature required to facilitate the gradual integration of its agriculture into the Common Market.

I do not wish to go into detail about the report that we have submitted, which, briefly but accurately, sums up the problem, with particular regard to our agricultural policy and the expected repercussions of the implementation of the Treaty. I shall simply make a general comment and let you know the worries and concerns of the Minister for Agriculture who has to take into account not only the interests of the agricultural sector but the needs of the country’s economy as a whole.

The aim of our agricultural policy is to sustain our farming sector which, together with the steel industry, represents the most productive element of our economy. Without it, even in peacetime, our country would suffer, since the need to import primary agricultural products would be a continual drain that would prove fatal if there were to be a recession in the steel industry. In addition, agriculture represents a key factor in the political and social equilibrium of our country. For these reasons, the present Government, in its July 1954 programme, emphasised its decision to safeguard the status of agriculture in the national economy, by pursuing a policy of increasing the value of agricultural production, principally by fixing prices which would provide a fair income for farm workers.

To date, we have been able to keep this solemn promise by means of a policy of protection and support for our country’s agricultural sector. The main principles are as follows:

Increasing the value of farm products by:

(i) protecting the internal market against foreign competition. Within Benelux, this protection can be maintained on the basis of the C list agreed with our partners.

(ii) fixing remunerative farmgate prices for the major agricultural products which together account for 90 % of farm incomes.

Since the Government is simultaneously pursuing a policy of low consumer prices, we have established a system of dual pricing: low prices to the consumer, producer prices on the basis of the cost price. The difference between these two prices is offset by structural subsidies paid by the Treasury.

Integration into the Common Market will create a new situation, one to which we shall have to adapt during the transitional phase.

You will understand that it is with some anxiety that we wonder whether, in the new situation, we shall be able to ensure a fair income for our farmers and, if so, how and at what price?

All these questions and many more worry us because, in the present circumstances, we have no answers. The solution to all these problems will depend on the nature of the development of the Common Market and the guidelines of the common agricultural policy, which we are studying at the moment.

As we have stressed in our report to the Commission, joining the Common Market may well aggravate the problems that we already face. Let me simply mention the need to adapt our agricultural policy to the demands of agricultural development and the increase in the disparity between the incomes of the farming community and those in other sectors of the national economy.

During debates in the Chamber of Deputies on the Treaty establishing the European Economic Community, the Government recognised the need to rethink our agricultural policy, with a view to facilitating integration into the Common Market. It notified its intention to pursue a consistent policy of structural, technical and commercial recovery, with the aim of achieving quantitative and qualitative improvements in production and reducing production costs. To reach a more competitive position, the Government approved a programme of state legislative and financial aid with a view to improving the means of production, the technical equipment and the economic structure of the industry. I must stress that the amount of investment required for the success of this programme is considerable.

Much draft legislation has been drawn up in the meantime; it concerns land consolidation under the law, the rights of inheritance, deferred salary and inclusion of the cost of studies, as well as the reform of the State’s agricultural management. Other bills relating to the sale of agricultural land and tenant farming are under consideration.

In keeping with the commitments it made when signing the Treaty, the Luxembourg Government is determined to take every possible measure to facilitate the integration of its agricultural sector within the time frame laid down in the Treaty.

But the major unanswered question still remains: what will be the level of reform that we shall reach, in other words: shall we be able to reduce our agricultural prices so as to bring them into line with those of the Common Market? We must not forget that the high agricultural prices in Luxembourg are, above all, a result of unfavourable environmental factors. It is, therefore, possible that our agriculture will ultimately still be at a disadvantage and will need some financial support. Furthermore, it must be acknowledged that our agricultural prices necessarily reflect the general economic situation in the country. Thanks to the boom in the steel industry, our salaries and, consequently, production costs are high. It is also understandable, bearing in mind our standard of living, that our agricultural workers demand a level of income similar to that of workers in other sectors of the economy!

Gentlemen,

These points will be enough to show you the complexity of the problem that the Luxembourg Government will have to solve in the next few years.

When it signed the Treaty, the Luxembourg Government was fully aware of the difficulties that it would face in the agricultural sector, but it still decided to join the Common Market.

This decision was made because it is in the interest of our agriculture, paradoxical as this might seem, bearing in mind the above considerations.

Our agriculture will actually soon be producing a surplus. For this reason — and I reiterate the opinion of the farming profession itself — ‘to refuse to sign the Treaty might, sooner or later, be against the interests of Luxembourg’s agriculture’. As part of a wider market, our agricultural industry will be able to find more opportunities to target and sell its products.

Gentlemen,

We have confidence in the Community, and that is why we accept the risks of integrating our agriculture. We are convinced that we shall find in our partners the understanding and support required for us to be able to carry out the necessary reforms. In the European integration process, it is the small countries that run the greatest risk; they should be able to count on the solidarity, goodwill and, possibly, financial assistance of their larger neighbours.

Our signing of the Treaty establishing the European Economic Community is also a sign of the political will to contribute to the achievement of the idea that is behind the Common Market: a United Europe. It is in a true European spirit that we want to cooperate actively and positively in the revising of a common agricultural policy. At the same time, we trust that, after the initial hiccups and worries, it will become a firm basis for the harmonious development of agriculture in all six countries within a common framework.’