

Report by the Irish Department of Agriculture on Irish Agriculture and Fisheries in the EEC (April 1970)

Caption: In April 1970, in the framework of the negotiations for Ireland's accession to the European Economic Community (EEC), the Irish Ministry of Agriculture analyzes the effects of European integration on the agricultural and fishing sectors.

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Irish agriculture and fisheries in the EEC (April 1970)

Part I

Chapter 1

Summary and Conclusions

I. Evolution of Common Agricultural Policy of the EEC

1.1 The Treaty of Rome provided that the common market should extend to agriculture and trade in agricultural products and that during the transitional period ending on 31 December 1969 a common agricultural policy for the Community should be developed. It defined "agricultural products" as the products of the soil, of stock-farming and of fisheries and products of first-stage processing directly related to the foregoing. An Annex to the Treaty (reproduced as Appendix I) listed the products to which the agricultural provisions of the Treaty apply. The Treaty laid down the objective of the common agricultural policy but left the details of it to be worked out by the Community's institutions. These objectives were:—

- (a) to increase agricultural productivity;
- (b) to ensure a fair standard of living for the agricultural population;
- (c) to stabilise markets;
- (d) to guarantee regular supplies;
- (e) to ensure reasonable prices to consumers.

In order to achieve these objectives the Treaty stated that a common organisation of agricultural markets should be established. It also provided for the setting up of one or more funds to finance the common agricultural policy.

1.2 During the transitional period a common organisation of the markets has been established for the following products — cereals, cattle and beef, pigmeat, poultry and eggs, milk and dairy products, fruit and vegetables and sugar. Details of the arrangements for each of these are set out in the relevant chapters of this study. Briefly, the arrangements provide for the free circulation of the commodities concerned between member States; common provisions in regard to imports from non-member countries; common price levels for a number of the commodities supported, if necessary, by intervention buying financed from Community funds; common rules of competition; Community subsidies on exports to non-member countries and a common fund to finance the expenditure involved. A common organisation of the markets for a relatively small number of commodities including potatoes, flax, lamb and fish has yet to be introduced.

1.3 As well as the common organisation of the markets, the common agricultural policy also aims at the co-ordination of national policies for the improvement of agricultural structures in member States. The whole question of reforming the structure of agriculture in the Community was examined in detail in a comprehensive-memorandum submitted by the Commission of the European Communities to the Council of Ministers in December 1968. This memorandum, which is normally referred to as the Mansholt Plan, examined the weaknesses which had become apparent in the operation of the common agricultural policy and had resulted in large surpluses of some commodities e.g. milk, wheat, sugar. In it the Commission made a number of recommendations aimed at improving the structure of agriculture and placing less emphasis on market and price policy. These recommendations, which are summarised in Chapter 16, comprise a variety of measures for (a) reducing the acreage of farmland in the Community i.e. by afforestation, parkland etc., (b) increasing the size of holdings and agricultural enterprises, (c) facilitating the reduction of the numbers engaged in agriculture including vocational education and retraining for persons who have to leave agriculture and (d) the creation of new non-agricultural employment in rural areas through regional industrial development. In addition, measures for improving the structure of agricultural marketing are suggested. The Plan has been under examination in the Community but no decisions have been taken on it by the Council. It has recently been announced that the Commission are revising the Plan in certain respects.

1.4 In addition to the common organisation of the markets and improvement of the structure of agriculture in the Community, the establishment of a common agricultural policy also necessitates the creation of common rules of competition for agriculture, e.g. as regards State aids, and the harmonisation of national animal and plant health policies which could impede the working of the common policy.

1.5 On State aids to agriculture, the Council has not yet laid down general criteria for determining whether particular types of aids should be deemed to be compatible with the Treaty, although a proposal by the Commission has been before it for some time. However, in the case of products for which a common organisation of the markets has been adopted, the Treaty provisions on State aids have generally been applied, which means that the Commission are empowered in respect of those products to examine all relevant State aids and, if necessary, to demand their modification or abolition unless the Council, at the request of the member State concerned, unanimously decides otherwise.

1.6 As regard harmonisation of national animal health policies, directives have already been adopted by the Council governing health requirements for intra-Community trade in cattle, pigs and fresh meat and similar directives governing trade with non-member countries have been under consideration. A Veterinary Committee comprising experts of member States, presided over by a representative of the Commission, has also been established to deal with such veterinary matters as may be assigned to it by the Council.

1.7 In the case of plant health, some directives have been issued by the Council in relation to certain diseases and pests of potatoes and the marketing of certain agricultural seeds. Proposals have been submitted by the Commission to the Council on the harmonisation of the import requirements of member States in regard to plant pest control but no decision has been taken on these.

1.8 Finally, in order to finance the operation of the common agricultural policy, the Community in 1962 set up a special fund, the European Agricultural Guidance and Guarantee Fund. The method of financing this fund and the purposes for which it is used are outlined in Chapter 14.

II. Implications for Irish Agriculture

1.9 In the chapters that follow, the main implications which membership of an enlarged Community would have for Irish agriculture are considered under the following broad headings (1) principal commodities and increase in total agricultural output, (2) harmonisation of animal health and plant health measures, (3) State aids, (4) financing of common policy, (5) effects on trade in agricultural products and on food prices. There is also a chapter outlining the Commission's recommendations for the reform of the structure of agriculture in the Community but, as no decisions have yet been taken on these and as it is not clear how far they may yet be modified or applied in an enlarged Community, it is not feasible at this stage to make a meaningful assessment of their implications for Ireland.

Commodities

1.10 The following is a summary of the position for the main agricultural commodities on the application here of the completed EEC regime (i.e. the single market stage) in each case:—

(i) *Cattle and Beef*. The common guide price for cattle in the Community is 287/10d. per live cwt. This is some 60 per cent above the average level of Irish prices for fat cattle in 1969. Thus, even allowing for the fact that any intervention or support measures would operate at about 7 per cent below the guide price and for the fact that transport costs to export markets would have to be covered, it is clear that cattle prices here would show a very substantial increase. This would result in a significant increase in the output of cattle and beef and also in the value of exports of these commodities, the long-term outlook for which, in an enlarged Community from Ireland's point of view, is good. Having regard to our geographical position, our main export market for cattle and beef is likely to continue to be the U.K., although some increase in our exports to the present member States could be expected following termination of the customs duty and import levies.

In an enlarged Community there would be a possibility that fat cattle exports might increase at the expense of store cattle and carcass beef because the support payments here on carcass beef exports to the U.K. would have to be terminated as would the deficiency payments in the U.K. which apply to Irish stores fattened there. On the other hand, the efficiency of the present beef factories should offset any such tendency and developments in regard to transport could also operate in favour of the carcass meat trade. In the case of store cattle, an important factor would be the traditional and long-standing nature of the trade. Moreover, it should be borne in mind that the store cattle trade developed before there was any price support for cattle in Ireland or Britain and that for very many years it thrived and prospered in conditions of equal competition with exports of fat cattle. Ireland should continue to be in the best position in an enlarged Community to supply store cattle to the U.K. but the raising of cattle prices here and in Britain to a common level could make Irish store cattle less attractive to British feeders. Also, British demand for Irish stores may be somewhat weakened by the effects of Britain's entry into the Community on British beef farming. There may also be opportunity for developing exports of store cattle to Continental countries of the Community.

Our meat export factories would have to comply with Community standards but this should present no major difficulty, especially for the larger factories many of which have carried out extensive modernisation programmes in recent years with the aid of adaptation grants. Our quantitative controls and tariffs on imports of beef would have to be abolished *vis-à-vis* member States and replaced by the Community levy and common customs tariff *vis-à-vis* non-member countries. The price of beef on the home market would rise as a consequence of the increased price for fat cattle and some decline in home consumption of beef would probably take place in favour of other meats such as poultry and pigmeat.

(ii) *Milk and Dairy Products.* The common target price for milk (delivered at dairy) with 3.5 per cent butterfat is 3/9d. per gallon. The average price for manufacturing milk (with an average butterfat content of 3.5 per cent) to the Irish farmer in 1968 was about 2/4d. per gallon including about 3.4d. a gallon for skim milk. The target price for milk is not, however, a guaranteed price for producers but is defined as the price which it is aimed to maintain for all milk sold by producers during the dairying year within the limits of the outlets offered on the market of the Community and external markets. Even after allowing for such factors as possible changes in the intervention prices for butter and skim milk powder and the fact that the target price is not a guaranteed price for producers it is clear that membership of an enlarged Community should result, on the basis of the present target price, in a substantial increase in the price of milk to Irish producers and an appreciable increase in the value of the output and exports of dairy products.

The ability of Irish creameries and manufacturers of dairy produce to pay producers a price equivalent to the target price would, of course, depend on the prices ruling for the manufactured products and the efficiency of the processing industry. (The EEC regulations on milk do not apply to the liquid milk market; a common regime for liquid milk has yet to be finalised.)

The application of the EEC regulations on dairy products would mean that the present arrangements for supporting the creamery milk price would have to be terminated. The floor price for butter would, of course, be replaced by the intervention price for that product.

In the short-term, the extent to which overall milk production would increase as a result of the higher producer price would be limited by such factors as the time taken to expand cow numbers and to raise the yield of Irish milk cows.

The outlook for milk and dairy products in the present Community is one of continuing surplus and even in

an enlarged Community the outlook, according to the OECD forecasts, would also be one of production exceeding consumption for some years to come.

The U.K. market would be likely to continue to be the main market for Irish dairy products. The position there would be affected by the effects of EEC policy on Britain's milk production and by the nature and duration of any special arrangements that might be agreed for imports of dairy products into the U.K. from, as the U.K. has proposed, New Zealand.

Our import restrictions and duties would have to be abolished against other member States and replaced by the Community system so far as non-member countries are concerned. Irish creameries and manufacturers should, however, be able to meet any competition on the home market from imports. The effects of EEC membership on the prices of dairy products on the home market would depend ultimately on the level at which the intervention price for butter is fixed.

An Bord Bainne could probably act as the intervention agency under the new system and continue as central exporter of most dairy products, especially if the creameries and manufacturers so wished.

(iii) *Sheep and Lambs.* No common organisation of the market has yet been introduced in the Community where production and consumption are at present relatively small. Given the equal terms of competition with Continental and British producers which would result from accession, Irish producers should fare quite well. Prices to producers here should rise and stimulate increased production. The bulk of our trade would probably be with the U.K. but there should be scope for developing trade with some Continental member States. Consumer prices here for mutton and lamb would probably show a fairly appreciable rise.

(iv) *Cereals.* The common target prices for wheat and barley are £45 and £40 8s. per ton, respectively; the common intervention prices being £41 16s. and £37 8s. per ton, respectively. It is estimated that allowing for costs of transport etc. the intervention prices which would be applicable in Ireland might be about £39 per ton for wheat and £34 10s. per ton for barley. The comparable guaranteed prices here at present for grain of equivalent standard are £39 2s. per ton for wheat and £28 8s. per ton for barley. Thus, on Ireland's entry into the Community, there would be little change or possibly a slight reduction in the price of wheat but there would be a significant increase in the barley price. While there is no intervention price for oats in the EEC system, it is likely that, having regard to the level of the minimum import price for oats, on which the levy is calculated, and the level of the intervention price fixed for barley, the price to producers here for oats would also increase. It can, therefore, be expected that there would be some swing from wheat to coarse grains especially feeding barley but the overall acreage under cereals might not be significantly affected because of increased costs of inputs to the tillage farmer and the relative increased attraction of the production of livestock and livestock products. While Irish flour millers would be free to import their wheat requirements, wheat imported from outside the Community would be dearer than native wheat and the cost of imported wheat from other parts of the Community would be up to the level of the Irish price; Irish flour millers could accordingly be expected to use as much native wheat as possible assuming the quality met requirements.

The existing production quota system for Irish flour mills would have to be abolished as well as the requirement that a prescribed percentage of the quotas must be native wheat. Increased competition for Irish flour mills could be expected, especially from mills in the Six Counties and in Britain.

The prices of animal feedingstuffs would rise because of the higher grain prices on the domestic market and the increased cost of imported grain whether imported from other member States or from third countries.

An Bord Gráin could possibly be appointed as the official intervention agency for grain under the regulations.

(v) *Pigs*. There is no common target or guide price for pigs in the EEC. Protection for the domestic producer is achieved by measures at the frontier i.e. import levies and minimum import prices. There is, however, a basic price for pigmeat, which is used as a "trigger" point for determining intervention in the market. When the market price throughout the Community falls below this basic price and is likely to remain so for some time, intervention measures are applied and the prices at which intervention purchases are made cannot be below 85 per cent of the basic price. The current basic price in the Community is 317/6d. per cwt. deadweight and 85 per cent of this is about 270s. per cwt. However, this would be only the floor price represented by intervention purchases and market prices could be expected to be closer to the basic price. The average market price paid here for bacon pigs in 1969 was about 276s. per cwt. deadweight and so some increase in the producer price for pigs would be likely to result from membership of the Community. Feed costs would, however, be higher here than at present and there might be some reduction in the rate of profit per pig here but this could be offset by more efficient production units. Ireland's pattern of exports would be unlikely to show any significant change, the bulk of the trade continuing to be with Britain. There is adequate slaughtering and curing capacity for pigmeat but any restrictions on entry into the industry may have to be modified. Many of the bacon factories should have no difficulty in meeting EEC standards for meat processing firms but some factories not yet up to standard will need to be improved. Home consumption of pigmeat may increase somewhat in the light of increased prices for beef and lamb.

The Pigs and Bacon Commission could probably act as official intervention agency under the new system and continue its functions as central exporter of pigmeat, especially if the bacon curers and pork exporters so wished. Existing import controls would have to be abolished *vis-à-vis* other member States and replaced by the Community system so far as non-member countries are concerned.

(vi) *Poultry and Eggs*. There are no target prices for poultry and eggs. Protection is provided against imports from outside the EEC but within the Community there is free competition. In the light of the prices obtaining in the EEC at present and having regard to the higher feed costs, there would seem to be little prospect of higher producer prices for poultry and eggs here on Ireland's accession to the EEC. Efficiency of production, processing and marketing would, therefore, be vital and development of the industry on the basis of larger production units would help to meet competition from such units elsewhere in the Community. The present import restrictions on animal health grounds may have to be modified. Irish production would probably continue to be mainly for the home market and exports may not be very significant.

(vii) *Sugar-beet*. The minimum price for sugar-beet in the EEC for the year 1969-70 is 143/10d. per ton. This price applies only to a basic production quota in each member State and relates to sugar-beet of 16 per cent sugar content delivered at a collection centre and, in general, is based on the assumption that all pulp is returned to growers free of charge. The comparable Irish price for 1970-71 for sugar-beet of 16 per cent sugar content is about 159s. per ton plus 13s. per ton freight subsidy. The Irish grower can buy dry pulp from Cómhluht Siúicre Éireann at a specially reduced price. It has been estimated that the EEC grower is about 10s. per ton of beet better off than his Irish counterpart so far as pulp is concerned. Allowing for this and ignoring the freight allowances, the Irish price for sugar-beet is slightly above the EEC price. On the other hand, due mainly to the lower refining costs, the current Irish ex-factory price for sugar is considerably below the EEC target price. This should help towards enabling the Sugar Company to maintain its present beet price after Ireland's accession to the Community. On Ireland's accession to the Community the position in regard to beet production would be affected by numerous factors such as the level of any production quotas that might be fixed for the period up to 1975, the level of the common prices, any special

concessions for Commonwealth supplies, as proposed by the U.K., and the relative profitability of other lines of production for farmers here. It would be hoped that any quota fixed for Ireland would enable the Sugar Company to produce sufficient sugar to meet both the home and export trades.

There should be scope for increased exports of refined sugar to the Six Counties and the adoption of the EEC sugar regime should not adversely affect our export trade in sugar-containing goods. The present retail price of sugar could, however, be expected to increase.

(viii) *Potatoes*. No common organisation of the market has yet been introduced in the EEC and pending information on the type of arrangements that might be adopted it is difficult to forecast what the effect of membership would be on commercial potato production here. Having regard to prices prevailing in the EEC and the levels of production there, it is not expected that production of potatoes here would be affected to any great extent although the removal of the U.K. import restriction might provide an outlet for some of our main crop ware potatoes at certain times of the year.

(ix) *Horticulture*. This sector of our agricultural industry would be likely to encounter some difficulty under EEC conditions. With the removal of import restrictions against other member States there would be keener competition from Continental producers who have climatic and other advantages. This would apply particularly in the case of apples, soft fruit pulp and onions. In general, producers here might have to accept lower prices for some fruit and vegetables and the level of production could decline unless the highest levels of efficiency are attained. This would be likely to apply to the higher-priced items, but not to the cheaper and more bulky items. Our present phytosanitary import controls may have to be modified somewhat.

1.11 In brief, therefore, the position is that for cattle, sheep and lambs and milk which account for 63 per cent of agricultural output, the outlook is favourable. For other livestock products mainly pigmeat, poultry and eggs, which account for 16 per cent of output, costs of production are likely to increase with a consequential decrease in profitability per unit of production but this could partly be offset by more efficient production. As regards tillage which accounts for about 15 per cent of output, barley production could be expected to increase at the expense of other cereal crops; sugar-beet production should be maintained or possibly increased somewhat while potato production should show little change. The most sensitive sector and the one most likely to meet severe competition is horticulture which accounts for 3 per cent of output.

1.12 It is difficult to estimate the extent to which Irish agricultural production would increase on the basis of the full application here of the EEC agricultural regime. A tentative estimate suggests that the volume of gross agricultural output might be expected to increase by the latter years of this decade by 30 per cent to 40 per cent over the present level; the increase in the value of gross output would, of course, be considerably greater because of the change to the higher level of producer prices.

Harmonisation of Animal and Plant Health Policy

1.13 It is likely that as a member of the Community, certain modifications — mainly of a technical nature — would have to be made in animal health policy and practices but, having regard to Ireland's freedom from major epizootic diseases, some aspects would have to be specially examined so as to ensure that any necessary modifications would not endanger Ireland's animal health position. Certain matters in relation to bovine tuberculosis and brucellosis arising from the terms of the Community's directives will also have to be clarified. The making of special arrangements to protect Ireland's position should not, however, create serious problems since a main objective of a common animal health policy for the Community is also to protect and improve the animal health status in the member States.

1.14 As regards plant health such measures as have been adopted to date by the Community would not

create any problem for Ireland but, as in the case of animal health, it is likely that in connection with the general harmonisation of plant health measures in an enlarged Community particular issues would arise for Ireland which would have to be specially examined so as to ensure that the country's freedom from certain plant diseases and pests would not be endangered.

State Aids

1.15 Pending the adoption of criteria by the EEC Council for the determination of the types of aids to agriculture that may be deemed compatible with the Treaty, it is difficult to assess precisely the effects of membership so far as current State expenditure in relation to agriculture is concerned. However, some modifications would obviously be necessary, such as the elimination of price supports and exports subsidies, under the new market organisation for the products concerned although aid would be available from the European Agricultural Guidance and Guarantee Fund to support exports to non-member countries. Other aids would fall to be examined by the Commission. On the basis of expenditure in 1969-70 the saving to the Irish Exchequer on price support and export subsidies that would have to be terminated would be about £36 million. If certain other production aids were deemed to be incompatible and had to be discontinued, this saving could be as high as £46 million. In addition, certain projects of a structural nature might benefit from assistance from the Guidance Section of the EAGGF.

Financing of Common Agricultural Policy

1.16 The European Agricultural Guidance and Guarantee Fund (EAGGF) will form part of the Communities' Budget from 1971 onwards. Ireland's contribution to the budget of the Communities during the transitional period for new members would be determined during our entry negotiations. After the end of the transitional period Ireland's contributions to the Communities' budget would probably comprise the proceeds of levies and customs duties on imports from non-member countries and the proceeds of a standard value added tax at a uniform rate not exceeding 1 per cent. The total contribution by Ireland under all three headings should be somewhat less than £19 million a year but this is only a very tentative estimate. Ireland's receipts from the EAGGF would comprise, where appropriate, disbursements in respect of export subsidies and market intervention purchases and also contributions towards the cost of agricultural structural improvement schemes. At this stage it is not possible to quantify in money terms what these might be, especially as much of the benefit of membership would probably be in the form of higher market prices for exports rather than in cash receipts from the Fund.

Agricultural Trade and Food Prices

1.17 The main effect of membership for Ireland's agricultural exports would be the provision of access to a large market at remunerative prices and on equal competitive terms. This would mean a considerably higher return for our main exports viz. cattle and beef, dairy products, lamb and pigmeat. The Irish Exchequer would be relieved of the burden of supporting these commodities which currently amounts to about £36 million a year. Exports to non-member countries would qualify for aid from the EAGGF. Because of our geographical situation the bulk of the export trade would be likely to continue to be with the U.K. Exports of cattle and beef, lamb and possibly pigmeat to Continental countries of the Community would probably increase but the prospects of developing exports of dairy products or of sugar to those countries would seem limited until the current surplus problems there in connection with dairy products and sugar are solved.

1.18 So far as imports are concerned, existing quantitative restrictions and other protective measures would have to be removed *vis-à-vis* other member States, and consequently Irish producers would encounter more competition in the home market. The cost of imports of a number of commodities, e.g. cereals and animal feedingstuffs, would rise and there would probably be a change in the pattern of imports inasmuch as imports from member countries would tend to replace those from third countries.

1.19 The cost of certain foods to consumers here would increase as a result of the application of the common Community prices. The commodities most likely to be affected would be beef, lamb, butter, milk,

cheese, and to a lesser extent flour, bread and sugar. It is tentatively estimated, on the basis of the main price differentials for which data are available, that the increase in the retail price index for food would be of the order of 11 per cent to 16 per cent on the present level. Allowing for changes in the pattern of food consumption which might result from the new conditions, the consequential change in the overall consumer price index might be of the order of 3 per cent to 4½ per cent. These increases would, of course, be spread over the transitional period fixed for the applicant countries.

Fisheries

1.20 Membership of an enlarged Community should be advantageous for the fishery industry inasmuch as trade with the EEC which is Ireland's biggest customer for fish, would be on more favourable terms and should be capable of considerable expansion if production could be increased. Freshwater fish (salmon, trout and eels), shellfish (lobster, crawfish etc.) and pelagic fish (herring, mackerel, etc.) which are at present largely exported would benefit from the abolition of EEC import duties and quantitative restrictions. On the other hand, Ireland would lose the preference which she enjoys at present on the U.K. market, but the advantages of improved access to the EEC market should more than offset this. In addition, some difficulties could arise from any decision which may be adopted by the Community within the framework of the proposed common policy for fisheries in regard to access to and exploitation of fishing grounds situated within the exclusive fishery limits of the member States. The elimination of quantitative restrictions on imports could lead to greater imports of demersal fish (i.e. whiting, cod, plaice etc.) and possibly to a slight reduction in the prices of the varieties most sought after by Irish consumers. On balance, however, the prospects for Irish fisheries in an enlarged Community are favourable.

[...]

Part IV

Chapter 17 Fisheries

EEC System

17.1 A common policy for fisheries has not yet been adopted in the Community. In 1968 the Commission submitted proposals to the Council for a common fisheries policy. These proposals cover structural policy, the common organisation of the market and the suspension of the common customs tariff on certain kinds of fish. Fish is classified as an agricultural product by the Treaty and the Commission's proposals are largely based on the common agricultural policy, particularly so far as structures and market policy are concerned.

17.2 As regards structures the proposals provide for the establishment of a common system for fishing in maritime waters as well as appropriate measures co-ordinating the structural policies of member States. It is proposed that member States should ensure equal conditions of access to, and exploitation of, the fishing grounds situated in maritime waters under their jurisdiction. Exceptionally, access to certain fishing areas maybe restricted to the local coastal population where the latter is mainly dependent on coastal fishing. These areas would be determined by the Council. Equal conditions of access to ports and to various technical and marketing installations are also provided for. The Council would be empowered to take measures for the conservation of maritime resources by restricting the size of catches, etc. The proposals also provide that the Council should prescribe measures for improving production and marketing structures including in particular the reorganisation of fishing fleets, the investigation of new fishing grounds, the provision of storage and deep-freezing plants and the promotion of improved conditions of vocational education, training and stability of employment for persons engaged in the fisheries industry. Member States may be permitted to give financial aid to suitable projects falling within the framework of the measures prescribed by the Council while some aid may also be made available from the European Agricultural Guidance and Guarantee Fund. Finally, the proposals envisage the establishment of a permanent Fisheries Structures Committee comprising representatives of member States presided over by a representative of the Commission. It will in general be a co-ordinating body to assist the Commission in implementing the

programme of structural reform of fisheries.

17.3 The Commission's proposals for a common organisation of the market cover all categories of fish whether fresh, chilled, frozen, salted or otherwise preserved, shellfish and fish by-products including fishmeal. Standards of quality, size and presentation may be prescribed and when these have been prescribed, the products to which they apply may be neither sold nor marketed unless they conform to them. As in the case of fruit and vegetables, it is proposed to make provision for encouraging the establishment of producer associations whose chief objective would be to promote the execution of fishing plans and the improvement of the marketing and sale of fish. Member States may give aids for the establishment of these associations and 50 per cent of the cost would be recouped from the European Agricultural Guidance and Guarantee Fund. The proposals also envisage a system of guide prices for certain fish, and market intervention or support purchases by an official intervention agency or producer association when market prices fall below a certain level. The guide and intervention prices would be fixed annually by the Council for herring, cod, coalfish, haddock, whiting, red-fish, mackerel and sardines. The intervention price would be at a level of from 45 per cent to 65 per cent of the guide price. For certain types of fish, e.g. tunny for canning, sardines, squid, octopus, special arrangements are proposed.

17.4 All restrictions on trade between member States would have to be abolished and in the case of trade with non-member countries the common customs tariff would apply and quantitative restrictions would have to be removed. A special proposal provides for the duty-free import of herring, tunny fish and salted cod in view of the deficit in Community production of these items. Imports into the Community of certain fish would be subject to import licence. As the removal of quantitative restrictions could result in possible market disturbances within the Community there would be power to suspend imports or impose a countervailing levy in certain cases. Exports to non-member countries could be subsidised, if necessary.

17.5 The proposals contain a number of general provisions on the lines of those in the various agricultural commodity regulations viz. Community financing through the EAGGF; safeguard clauses in the event of serious market disturbances; harmonisation of member States' legislation for fishery products and the establishment of a Management Committee. Finally, the Treaty provisions in relation to State aids would be applied to this sector. Aids related to quantities produced, price, tonnage or technical nature of the vessel, the number or duration of voyages or the area worked by fish or shell-fish breeding establishments would be forbidden.

17.6 The Commission's proposals have been under examination in the Community and at a meeting on 19th December 1969 the Council of Ministers agreed that the necessary regulations concerning structures, common organisation of the markets and the trading system to be applied to non-member countries would be adopted before 30th April 1970.

Self-sufficiency of EEC and enlarged Community

17.7 The EEC is at present a net importer of fish and fishery products to the amount of £184 million per annum. It has been estimated that an enlarged Community would still be a net importer to the extent of £158 million per annum.

Implications for Ireland of EEC Membership

17.8 The following assessment is based on the assumption that the common fishery policy to be applied in an enlarged Community would follow the general principles laid down in the Commission's proposals.

17.9 If, as proposed by the Commission, fishing vessels of a member State were given equal conditions of access to, and exploitation of, fishing grounds situated within the exclusive fishery limits of another member State and were allowed to land direct into any port in the Community, serious problems could arise for Ireland's fisheries. The valuable inshore shell-fisheries and the herring fisheries off the south-east coast and Donegal already attract European boats and, if all member States had full freedom to fish within the Irish fishery limits, not only would serious competition be created for Irish fishermen but stocks could be

irreparably damaged. However, the latter danger might be reduced by applying to all boats the present requirement whereby Irish registered boats over a certain size are precluded from fishing within the inner three miles of the exclusive fishery limits. The draft policy also proposes that access to certain fishery areas may be restricted to the local littoral population where the latter is mainly dependent on coastal fishing and that the Council may adopt conservation measures where the resources of member States are exposed to the risk of intensive exploitation. These provisions too would offer safeguards, at least in certain areas. The opening up of the waters of member States, would be of little benefit to Ireland in the foreseeable future as Irish vessels, because of their size and the general pattern of fishing, would be unlikely to avail themselves of it, except perhaps on the west coast of Britain.

17.10 Even if price intervention measures were in operation, direct landings here of substantial quantities of fish by boats of member States could upset marketing arrangements for home landings but, in view of the limited size of the Irish market, it is unlikely that the landing facility would be availed of to any great extent. On the other hand, landings from foreign boats might be utilised to advantage by Irish processing factories which at times are unable to obtain their requirements from home landings.

17.11 Irish exports of fish and fishery products in 1968 were valued at £2.7 million, of which £1.3 million was consigned to EEC countries and £1.2 million to the U.K. Imports in 1968 were valued at £1.5 million of which nearly £0.7 million came from the U.K. mainly as fish fingers and smoked fish. Imports from EEC countries were negligible. Imports from other sources, principally Canada and Japan, consisted mainly of canned salmon, herring and sardines.

17.12 Under freetrade conditions, different problems would arise for the different species of fish and an analysis of the position can best be presented by reference to the following categories:—

- (1) Freshwater fish (salmon, trout, eels),
- (2) Shellfish (lobsters, crawfish, etc.),
- (3) Pelagic fish (herrings, mackerel, etc.),
- (4) Demersal fish (whiting, cod, plaice, etc.).

17.13 *Freshwater Fish.* In 1968 exports of these varieties accounted for nearly £0.9 million or 33 per cent of total exports of fish and fishery products. Next to the U.K. the EEC is the biggest market taking quantities to the value of nearly £0.2 million. Expansion of trade with the EEC is at present hampered by import duties or in some cases by quantitative restrictions, and membership of the Community should enhance the prospects of the trade. At the same time Irish exports would meet with stiffer competition on the U.K. market, particularly in the case of rainbow trout.

17.14 On the import side, the present quantitative restrictions would have to be abolished *vis-à-vis* member States but Irish production should be able to hold the home market. There are substantial imports of canned salmon — over £0.5 million in 1968 — which at present are liable to a customs duty of 30 per cent full and 20 per cent special preferential. These imports come practically exclusively from Canada and Japan, and the effect of EEC membership would be that the duties mentioned would be replaced by the common customs tariff of 18 per cent, or perhaps by a levy system. The change would not be of serious consequence.

17.15 *Shellfish.* As in the case of freshwater fish other than canned salmon, production of shellfish meets practically the full requirements of the home market and there is a substantial export trade which was valued at over £1 million in 1968. Exports to the EEC, mainly of lobsters, crawfish and periwinkles, were valued at nearly £0.75 million in 1968 and with the elimination of import duties on entry into the Community the trade should develop further. No difficulty is foreseen in retaining the smaller market in the U.K. There are at present no restrictions on imports, the only imports arising being mainly prawns and scallops which supplement home landings and are utilised for processing for re-export.

17.16 *Pelagic Fish.* In this sector landings of herrings and mackerel are capable of meeting home market requirements for supplies in the fresh state. Exports of herrings in 1968 were valued at nearly £0.6 million, of which nearly £0.4 million was consigned to the EEC and nearly £0.2 million to the U.K. It is considered

that the abolition of duties and quantitative restrictions on Irish exports to the Six would enhance the prospects for the trade in fresh and processed herrings.

17.17 Imports into Ireland of fresh and frozen herrings from sources other than the U.K. are subject to quantitative restrictions, and the removal of these restrictions so far as the Six are concerned should not give rise to difficulties. Also, the removal of the import duties on other pelagic fish should not pose any serious problems.

17.18 *Demersal Fish.* While exports of demersal fish (valued at £0.2 million in 1968) constitute only a small percentage of total exports of fish, the catch (valued at £1.1 million in 1968) represents nearly half of the total value of sea-fish landings. Demersal fishing is the only one pursued by the Irish fishing fleet on an all-year-round basis and is the most important single sector of the industry. Imports of demersal fish are at present controlled. Licences for limited quantities are granted when landings are inadequate to meet requirements. Imports of fish fingers are permitted on a quota basis.

17.19 Membership of an enlarged Community could create difficulties for the marketing of home supplies of such fish. Prices here are somewhat in excess of those prevailing abroad and there is also the problem that there is a marked consumer preference in Ireland for plaice and, to a smaller degree, for cod, neither of which figures in Irish landings to the same extent as less popular varieties such as whiting and haddock. In an enlarged Community there would be a possibility that this preference would be met by imports to the detriment of Irish landings and this would be enhanced by the irregularity of home supplies due to weather conditions. As against this, Irish landings would have the advantage of freshness and given efficient marketing at least some of the adverse effects of free imports could be reduced. Regulations for the handling and distribution of fresh demersal fish introduced here in 1968 should assist considerably in this respect. In addition, a development programme aims at a substantial expansion of sea fishery landings, including landings of demersal fish. Even if plaice does not figure in the expanded landings to the degree required for the home market, serious marketing difficulties should not arise so long as export markets can be found for varieties such as whiting and haddock. In recent years exports of fresh and frozen demersal fish have increased considerably, especially to the U.K., and these appear capable of further expansion if supplies were available on a regular basis. Furthermore, the consumer education campaign of An Bord Iascaigh Mhara aims at popularising the varieties which figure to a large degree in Irish landings.