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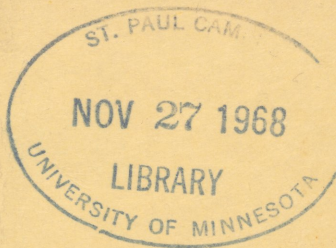
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The deciduous fruit industry - the probability of Great Britain joining the Common Market and the implications

by

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The first point to be considered is the likelihood of Great Britain joining the E.E.C. When the MacMillan Government applied for membership during August 1961, an undertaking was given to British agriculture that in joining the Common Market this would take place on the distinct understanding that arrangements would be made to ensure the continued welfare of the agricultural industry. The present British Government has confirmed this on various occasions.

The point now arises whether the common agricultural policy of the E.E.C. will enable the British Government to abide by its undertaking to British agriculture, and, if not, what the likelihood would be of Great Britain persuading the "Six" of revising their agricultural policy, which has been established with great difficulty, to comply with the demands of a new country which desires to join. Certain known factors indicate that acceptance of the established agricultural policy of the E.E.C. could hardly be adopted by the British Government without a serious set-back for certain sectors of British agriculture.

The desire of the British Government to seek membership of the E.E.C. arises largely out of the benefits which Great Britain, as an industrial country, can secure from the free movement of industrial products between members of the E.E.C. In addition it is frequently not taken into account that the E.E.C. is not merely a customs union within which internal tariff walls are being eliminated and a common external tariff established. While this is the best known feature of the common market, the economic, labour, social and even political planning of policy shows that out of this community a powerful federation of nations will emerge which will give Western Europe a position of authority in the world of the future. Great Britain cannot be indifferent to this and it is clear that it is in her interest to be a partner to such a political federation.

Why then, did the negotiations of 1961/62 fail? The reasons are important because they still apply to a greater or lesser extent.

Firstly Great Britain could not countenance the implications that as a member of the E.E.C. she would in a measure have to give up her sovereignty. This would have to be accepted if Britain ever expects to join the E.E.C. - submission to the common rules must of necessity be accepted and thereby a measure of independent action must be sacrificed.

Secondly there were the issues involving the Commonwealth. On the one hand membership of the E.E.C. entails unlimited entry, free of taxes, of the products of the members into Great Britain and on the other the imposition of taxes on the products of the Commonwealth countries. The protection and preferential policy of Great Britain in respect of the Commonwealth countries and other countries with which trade agreements have been concluded is in direct conflict with the rules which will have to be accepted as a member of the Common Market. No government can lightly steer clear of these issues.

Thirdly the British system of assistance to and protection of agriculture differs widely from that of the Common Market. In the latter high minimum prices are fixed and imports at lower prices are restricted by special taxes. In Great Britain the taxpayer must accept responsibility for the enormous costs of keeping the prices of farm products as low as possible by means of subsidies, low import customs tariffs and compensating taxes when the prices of imported products are lower than those of domestic products. Once again Great Britain will have to accept the E.E.C. policy and abandon its own.

The British National Farmers' Union has after careful study of the matter concluded that acceptance of the present E.E.C. regulations will entail serious consequences for large sectors of British agriculture which will involve practically all products except grain and stall-fed cattle.

Apart from the problems which will have to be surmounted so far as British agriculture is concerned, it is clear that acceptance of the agricultural policy of the E.E.C. must lead to a sharp increase in food prices in Britain. It is estimated, on the basis of consumption data for 1965, that the price increases in respect of grains, dairy products, meat, poultry products and sugar will bring about an increase of £685 million in the cost of living in Britain.

Finally it has been stated by the British Prime Minister that on the basis of the current arrangements and prices of the E.E.C. and world prices, the British balance of trade might be adversely affected to the extent of £175 to £250 million a year in spite of the advantages which might be gained for the industrial sector.

From the foregoing it seems clear that the entry of Great Britain into the Common Market is not a foregone conclusion. In informed circles in Britain the view is held that even if the British Government now opened negotiations, membership will not be secured before 1970.

In conclusion we may consider the implications for the fruit industry if Great Britain finally joins the E.E.C. Unless special provision for the products of the Republic is made through negotiations, the common taxes which the E.E.C. already levies on our products will also have to be paid on exports to the U.K.

The total f.o.b. value of all South African deciduous fruits exported during the 1966/67 season, amounted to approximately R35 million. Exports to Great Britain were R22.5 million or 65 per cent of the total f.o.b. value. The U.K. is positively a market of very special importance for South African deciduous fruit and it is obvious that Britain's entry into the E.E.C. will have important consequences for the deciduous fruit export trade.

In accordance with the current arrangements South African deciduous fruits - apricots, peaches, plums, grapes, pears and apples - enjoy duty free entry into the U.K. and this also applies to other countries which enjoy preferential treatment - Eire and all the Commonwealth countries except Canada. If Great Britain enters the Common Market the import duties given below will eventually be payable on our deciduous fruits. These duties are levied on imports into the E.E.C. on supplies from third countries and these rates will apply in full as from January, 1968 in the countries members of the E.E.C.

Apricots	25 per cent
Peaches	22 per cent
Plums	10 per cent
Pears	10 per cent
Grapes	18 per cent
Apples - March	10 per cent
- April-June	8 per cent

It will be noticed that the duties on apricots, peaches and grapes are exceptionally high and these rates would also apply to exports to Britain should she join the Common Market. On the basis of the c.i.f. values of exports to the U.K. during the 1966/67 season the duties will amount to about R3.2 million.

For apricots, peaches, plums and grapes the payment of the duties will probably be the only important factor if Britain joins the E.E.C. During

the period when these fruits are exported from South Africa there are practically no other supplies in Europe which could compete with us.

For apples and pears other complications apart from import duties are likely to arise. The importation of these fruits into the U.K. from countries which do not benefit from preferences is subject to fairly restrictive quotas. The quota for apples, for example for the period January to June has during the past few years been 69,000 tons. During this period imports of apples from Australia, New Zealand and South Africa amounted to 137,000 tons. These figures indicate the importance of the quota restrictions for countries to which the preferences apply. Britain's membership of the E.E.C. will ultimately mean that all third countries will be treated equally on the U.K. market.

In this event South Africa's biggest threat in its competitive position in the U.K. will come from Argentina, where the production of apples is considerably larger than our own and it is still increasing. During 1967 Argentina exported 7.9 million cases of apples of which only 5,500 cases were sent to the U.K.

A further serious threat for South Africa in the U.K. market will come from French and Italian production which will naturally enter the U.K. free of duty. While the French and Italian apple and pear crops are harvested some months before South African exports reach the U.K., improvements in storage techniques have made it possible for larger quantities of French and Italian apples and pears to be carried over to be marketed later in competition with South African supplies.

While this will only affect apples and pears, it should be mentioned that the two fruits constituted nearly two-thirds of our total sales of deciduous fruits in the U.K.

Under these circumstances it is pleasing to note that our industry is associated with the representations which have been made by the Fruit Producers' Council to the British Government to stress the interests of fruit producers in regard to any negotiations which might take place between Britain and the E.E.C. It is also reassuring to know that our deciduous fruits, sold overseas under the name "Cape Fruit" enjoys the highest esteem for packing and quality. These factors, and since our fruit is marketed in season should provide us with a strong competitive position on the U.K. market against other suppliers who might enter Britain after the current restrictions are removed.