

BRITAIN AND THE EEC

Earlier this year, executives of some of Britain's leading poultry producing, processing and marketing organizations made a fact-finding tour of large-scale integrated enterprises on the continent. Their purpose was to discuss with their European counterparts points of mutual interest stemming from the UK's application to join the EEC.

The tour was sponsored by Pfizer Limited, British subsidiary of the huge international chemical concern headquartered in the USA. It was organized by Nico Toonen, Poultry International's European Manager, and Brian Hoggard, Account Manager of Pfizer's Agricultural Division in the UK.

Included in the party were David Brown of Golden Produce Chicken, Jim Colvin of Euribrid's UK subsidiary, Lord Edward Fitzroy of Ross Poultry, Barry Leeming of Tom Barron Hatcheries, David Naish of J. B. Eastwood Ltd, George Padley of G. W. Padley Ltd, Ken Spencer of Zeals Hatcheries, and Bob Renwick and James Vandore of D. B. Marshall (Newbridge) Ltd.

Having had time to reflect on what they saw and discussed during the tour, these delegates have been kind enough to record their impressions for Poultry International of how the British poultry industry will be able to compete in the EEC—of the opportunities which will be offered and the problems which will be encountered.

How do British poultry organizations compare in technical and managerial efficiency with similar enterprises in the EEC?

COLVIN: I feel that we in the UK have a technical advantage over EEC companies. This is largely due to close association between the academic and commercial worlds, brought about by such organizations as the Egg Marketing Board. From the management aspect, I feel we are slightly behind. Utilisation of up-to-date office equipment, computerisation, etc, has led to smooth and efficient administration in commercial companies in the EEC. Because of the very low margins within the Common Market, cost analysis must be highly accurate.

FITZROY: We have an efficient, well-balanced industry in Britain which is more integrated (and individual units considerably larger) than anywhere within the EEC. This gives us a head start and, provided we can work on the cost of production and returns on capital acceptable in the Community, then we shall be competitive.

RENWICK: EEC organization compares very favourably with the British, but our type of broiler integration—owning at least 70% of production—gives a firmer base for company operation, and therefore, should produce fewer day-to-day problems which must

arise with a large number of semi-independent producers.

How well will the British be able to compete with established EEC poultry industries?

BROWN: Initially we shall be at a severe disadvantage because of the system of export restitutions and the method of computing them. Short of some transitional arrangements for eggs and poultry I can see no easy answer to this problem, but the plain facts are that it will be profitable for existing EEC members to dispose of their surpluses on the UK market for some time to come.

When we are able to compete on fair terms, we shall be quite capable of looking after ourselves. I expect we shall still have the same difficulty in getting an adequate return on capital until the emergence of truly European companies which are capable of restricting supply in line with demand.

LEEMING: It will be difficult to compete with EEC poultry industries unless subsidised in some way. Community poultrymen seem to have a fair experience of working at little profit. If anybody gets fat, it is probably those who make the contracts—often feed millers! Even within co-operative and integrated set-ups, egg producers and growers have got used to small profit margins.

RENWICK: We shall find difficulty attempting to compete on the Community's home ground, but from a broilerman's viewpoint I think our standard of product and presentation is in advance of EEC standards. However, this may be of little advantage if the European housewife is not educated to appreciate this degree of quality.

What special opportunities will be open to British poultry companies as a result of EEC membership?

SPENCER: It will be advantageous to build up our egg products market with a view to exporting and competing with the very efficient industry that is being developed on the continent of Europe—there is real opportunity in this field.

VANDORE: The greatest opportunity will be for broiler breeders, because of the generally superior conformation and weight gain of British strains. There may be a special opening for poultry meat if it can be sold as a first quality product. It seems to me that the presentation and packaging of broiler chickens in Holland is pretty rough and ready. If we attempt to sell there, our product would almost certainly look better to a prospective buyer.

What particular problems is the UK poultry industry likely to face in the Community?

NAISH: Providing the conditions of trading between the nations are conducted on a fair and equitable basis, we in Britain have nothing to fear. The compensatory amount, however, and existing EEC members' tendency to ignore cartel arrangements are a little worrying. The future of business expansion between the countries will depend largely on health regulations. If the continental countries again create a situation which makes it difficult for us to export to them, this will be a serious inhibiting factor.

SPENCER: On the medium and small farms in Europe, producers are prepared to accept a lower standard of living than we are. In times of low egg prices, they will continue producing

without taking account of depreciation and their own wages for longer than we would. This is a dangerous situation for the UK. Even if the less efficient of us cut back production, the gap in supplies will be filled by Belgium and Holland. There are twice as many hens as people in these two countries, compared with one hen per head in the UK. The implications are obvious.

What changes will be necessary in their business approach to enable British poultry businessmen to meet the challenge of tariff-free competition?

BROWN: If the only challenge were tariff-free competition there would be no real problems and we could easily compete with the Europeans. We must change our attitude and outlook and acquire the ability to use regulations to our advantage, rather than just accept them as further handicaps to trade. We have always found that within the EEC, rules are interpreted quite differently from country to country and are not

regarded as anything but irritants. There is always a way to be found round an irksome regulation. The British tend to have a less flexible outlook on such matters—but we shall doubtless learn!

PADLEY: The processing side of the poultry industry in the Community is more mechanised and automated, and consequently the capital investment is greater. The British industry may have to move in the same direction.

NAISH: Perhaps the strongest single message with which I returned from Europe was one which said we must be sure that all our product is marketed before we start to produce it—and that producers large and small must be fully aware of market requirements to ensure that there are no surpluses of unwanted commodities on those markets.

Are you optimistic or pessimistic about the British poultryman's chances when he is in the EEC?

BROWN: I am increasingly opti-

mistic. I have been on many fact-finding tours to Europe but this was the first occasion that I saw signs that the EEC members were making attempts to influence prices by controlling production. This is only half the battle and effective promotion can only come when there are few enough firms that can do it and see a return for doing it. It will be a long battle, but at least it has started.

COLVIN: I am very optimistic about British entry and I am sure the existing members are waiting anxiously for us to stabilise the complex and meaningless bureaucratic restrictions and laws imposed by Brussels. From what I can see the old adage "Do not do as I do, do as I say" applies 100% to the attitude adopted by most countries. Britain's ultimate success will depend on the ability of government and commerce to work closely together, and interpret health and export/import regulations to our best possible advantage. ■

Großbritannien und die EWG

Zusammenfassung—Eine Reihe führender britischer Geschäftsleute aus der Geflügelwirtschaft, die vor kurzem eine Reise durch Deutschland und Holland beendet haben, verleihen ihrer persönlichen Meinung darüber Ausdruck, welche Auswirkungen der britische EWG-Beitritt auf die Geflügelwirtschaft Großbritanniens haben wird. Man ist der Ansicht, daß vom technischen Know-How und von der Fähigkeit zur Betriebsführung her gesehen kaum Unterschiede zwischen Geflügelunternehmern des Vereinigten Königreichs und des europäischen Kontinents bestehen.

Die britischen Produzenten können gegenwärtig mit niedrigeren Investitions- und Arbeitskosten arbeiten—auf der anderen Seite haben ihre kontinental-europäischen Kollegen jedoch viel Erfahrung im wettbewerbsmäßigen Handel unter Überproduktionsvorzeichen sammeln und sich an Betriebsverhältnisse mit nur schmalen Gewinnmargen gewöhnen können. Ein EWG-Beitritt wird britischen Zuchtunternehmen, Geräte- und Futterzusatzherstellern Möglichkeiten bringen, während die britischen Eier- und Geflügelproduzenten aus der erweiterten EWG kaum Nutzen ziehen werden.

In erster Linie verlihen die britischen Geschäftsleute ihrer Sorge über die von einigen Ländern eingeführten diskriminierenden Gesundheitsbestimmungen Ausdruck sowie über die Umgehung von Kartellvereinbarungen durch bestehende EWG-Mitglieder,

während die Tendenzen, Bestimmungen von einem Land zum anderen verschiedenartig auszulegen, ebenfalls Sorge bereiten.

L'Angleterre Et Le Marché Commun

Sommaire—Quelques aviculteurs anglais importants, de retour d'un récent voyage en Allemagne et en Hollande, donnent leur point de vue personnel sur l'impact de l'entrée de l'Angleterre dans la CEE quant à l'aviculture. Ils ont le sentiment qu'il y a très peu de différences entre l'aviculture du Continent et celle d'Angleterre en termes de connaissances techniques et de capacité de direction.

Les producteurs anglais bénéficient en général d'investissements en capital moins importants et d'une main d'oeuvre moins onéreuse, mais en contrepartie leurs collègues européens ont gagné une forte expérience dans une commercialisation faite dans des conditions de surproduction ce qui les a habitués à travailler avec de petites marges bénéficiaires. Grâce à l'entrée dans la CEE, il y aura des occasions à saisir pour les souches, les fabricants de matériel et d'aliment anglais, mais les producteurs de viande de volaille et d'oeufs y gagneront peu.

Les réserves principales exprimées par les hommes d'affaires incluent les règlements sanitaires discriminatoires imposés par certains pays, des arrangements monopolistiques entre certains

membres de la CEE, et une tendance à interpréter les règlements de façon différente selon les pays.

L'Inghilterra E Il MEC

Riassunto—Alcuni dei più importanti operatori commerciali del campo avicolo Britannico, di recente ritornati da un viaggio in Germania e Olanda, esprimono le loro personali opinioni sull'influenza che subirà l'industria avicola Inglese con l'entrata nel MEC. Si ritiene che esista ben poca differenza fra le operazioni avicole del Regno Unito e quelle del Continente per quanto riguarda l'esperienza tecnica e l'abilità di conduzione.

I produttori Inglesi godono al momento di bassi costi d'investimento del capitale e di mano d'opera, ma in contrasto a ciò i loro simili Europei sono diventati molto esperti nel commerciare in concorrenza in condizioni di superproduzione e si sono abituati a operare con bassi margini di profitto. L'entrata nel MEC porterà vantaggi economici ai moltiplicatori, ai produttori di attrezzature e integrativi per mangime Inglesi, ma vi saranno ben pochi benefici per i produttori di uova e carne di pollo.

Alcune delle preoccupazioni più assillanti espresse da tali operatori commerciali sono la discriminazione dei regolamenti sanitari imposti da alcuni paesi, lo scarso rispetto delle disposizioni dell'accordo da parte di soci già facenti parte del MEC, e una tendenza a interpretare i regolamenti in modo completamente differente da paese a paese.