

Address given at the Conference on Tariffs and other
Barriers to European - American Trade Sponsored
by the Federal Bar Assn. x Georgetown Univ. Nov 9-9, 1963
Wash. D.C.

by Dr. Helmut Freiherr von Verschuer, Asst
Dir Gen of Agriculture, EEC Commission

THE AGRICULTURAL PROBLEM IN EUROPEAN-AMERICAN
TRADE AND IN THE COMING TRADE NEGOTIATIONS

November 1963

Thanks to the courageous initiative of the United States Administration in passing the Trade Expansion Act, we will shortly be holding international trade negotiations in the framework of GATT. These negotiations, usually known as the Kennedy Round, will be among the most comprehensive, the most difficult, but also the most important, international economic negotiations in history.

The key problem in these negotiations is agriculture.

The immense task facing us in the agricultural sphere requires not only that each side should have full knowledge of the opinions, problems and demands of the other but also that these should be fully understood. Such understanding can grow from open and frank discussion.

1. USA interest in farm exports to EEC

The USA is interested in exports of farm products to EEC. The development of the Community's imports of farm products shows the important place which American farm products and foodstuffs have won on the European market.

The EEC imported agricultural commodities from the U. S. to the value of 960 million dollars in 1958, and to the value of 1.4 billion dollars in 1962, that is an increase of nearly 45%, whereas EEC agricultural imports from all third countries together increased by 27% during the same period. For products governed by the Common Agricultural Policy, U. S. exports to the EEC amounted to 227 million dollars in 1958, 454 million dollars in 1961, and 509 million dollars in 1962.

(MORE)

It is, however, not certain that this impressive rise in exports of farm products from America will continue on the same scale.

It is therefore understandable that the USA should urge the further dismantling of the obstacles which hamper its agricultural exports to Europe and should attack the Community's common external arrangements for farm products with the utmost vigor. It is a proof of farsightedness that in this the USA is not merely attempting to bring EEC to reduce or abolish protective measures unilaterally. On the contrary, the United States is pressing increasingly for the establishment of fair conditions of competition between American and European agriculture in order to arrive at a division of labor within the Atlantic area on the basis of the economic conditions obtaining in its constituent parts.

2. The agricultural situation in EEC and the Kennedy Round

European agriculture is going through a process of technical revolution and profound structural transformation. Modern machines and scientific methods of production are making their entry into farming. The number of persons engaged in agriculture is constantly and rapidly decreasing. The active population engaged in agriculture in the EEC-countries went down from 19 millions in 1950 to about 15 millions in 1959 and 14 millions in 1962.

Parallel with this, the number of farms is falling and their average size growing. The consequence is an enormous rise in the productivity of agricultural workers.

Nevertheless we are not managing to reduce the gap between income per head in agriculture and in comparable occupational groups; in fact, with the persistence of the favorable industrial climate and the much less favorable trends in agriculture, this gap is even threatening to become wider.

(MORE)