

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION TO THE COUNCIL

Report on the conditions under which preserved mushrooms are imported into the
Community

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Introductory note

Preserved mushrooms include both the cultivated and wild varieties. This study deals only with the case of preserved cultivated mushrooms, which are much the more important, because of the special problems facing the trade in this product in the Community. These problems arise owing to both the competition between producer countries within the Community and the competition from certain non-Member countries exporting to the markets of the Member States of the Community and in particular from those of which the selling prices are specially low.

I. Production

The production of preserved mushrooms has increased considerably in the Community (Table I). In 1966 production amounted to barely 45,000 metric tons, whereas the total production in 1973 was estimated at about 150,000 metric tons. The two chief producer countries in the enlarged European Community are France (105,000 metric tons) and the Netherlands (40,000 metric tons).

Concurrently with the increase in consumption in France, where about 50% of the national production is sold, efforts to market production have been concentrated particularly outside markets, especially West Germany, which is the most promising outlet. Competition between France, the Netherlands and Taiwan is particularly fierce on this market. Those three countries account for more than 90% of German imports.

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II. Exports

As can be seen from Tables II and III, exports from the European Community to third countries only represent a very small proportion of production, since the greatest part is disposed of in the markets of the countries of the EEC itself. Total exports may therefore be estimated at between 4 and 5,000 metric tons.

III. Imports

On the other hand, imports into the Community from non-Member countries have fluctuated over the last few years around 20,000 metric tons, with Taiwan as the chief supplier (Table IV).

IV. Present trade arrangements

A. Customs duty applicable

1. The original Community of Six :

Common Customs Tariff : 23% - autonomous - not bound.

2. The new Member States :

a. United Kingdom : 10 to 15%

b. Ireland : a. 50% made up for retail sale

b. & 0.025 /lb., others

c. Denmark : 27%.

B. Position with regard to Liberalization of trade in the Member States

a. Federal Republic of Germany : Liberalized, but subject to quantitative restrictions where from countries with planned economies.

b. France : quantitative restrictions for all origins.

c. Italy : liberalized.

d. Benelux : liberalized.

e. United Kingdom : liberalized, but subject to quantitative restrictions when from countries with planned economies

f. Ireland liberalized.

g. Denmark : liberalized.

V. Community supplies

The consumption of preserved mushrooms has gained considerable ground in Europe. It may be observed that although there has been a considerable increase in consumption in the Federal Republic of Germany and in France during the last few years, it has been much less pronounced in the other countries of the EEC.

The Federal Republic of Germany is the largest consumer (90,000 metric tons) and also the largest importer in the European Community. The three main suppliers are France, the Netherlands and Taiwan (Tables IV, V and VI); German production is negligible.

Since 1966 German consumption has twice doubled at three year intervals. Imports amounted to 23,000 metric tons in 1966, 45,000 metric tons in 1969 and 88,000 metric tons in 1972.

In 1960 France was almost the sole supplier of Germany (with 3,170 metric tons out of 3,788 metric tons of which 62 came from Taiwan). Since 1963 the quantities imported from Taiwan have been flooding the German market where they maintained a dominant position until 1969. In that year, benefiting as they did from intra-Community liberalization, French imports equalled those of Taiwan, and were followed by those of the Netherlands. In 1972 and 1973 France had again become the most important supplier of Germany with 40,700 t and 37,800 t respectively.

As regards the other Member countries, it should be noted that, while production in the United Kingdom (estimated at 10,000 metric tons) and Denmark (7,800 metric tons) is considerable there is practically no external trade.

The three main suppliers share of the
Germany market (%)

Country Years	France	Netherlands	Taiwan
1970	28,4	31,5	30,6
1971	31,7	28,7	30,5
1972	46,3	30,3	19,3
1973	34,7	28,2	24,1

VI. Prices

The market in these preserved products is particularly affected by prices, which themselves depend on the protective arrangements and especially on the quantitative restrictions which are still applied in some Member countries. On the open market Community suppliers are subject to strong competition and must take into account the offer prices of imports especially those from the People's Republic of China, South Korea and Taiwan. These prices are undoubtedly influenced by the low cost of labour.

Since the introduction of preserved mushrooms from Taiwan, the German market in preserved mushrooms has been influenced by that country's prices, it having been for a long time the largest exporter with the lowest prices.

In France, because of the constant expansion in production, the industry has been threatened by periods of over-production. However, it was possible to avoid disaster by drawing up an inter-trade agreement, with a view to stabilizing the market by a system of production quotas and levies. The first "boom" in production, with an accumulation of stocks and a drop in prices, was observed in 1967.

Increase in stocks in France in 1000 metric tons

Years	Stocks on 31.12
1966	3,1
1967	8,7
1968	4,3
1969	1,5
1970	2,7
1971	7,9
1972	11,6
1973	11,6
1974 (end of august)	19,4

In 1972 a further regression in the French suppliers' selling prices was observed (Table VIII), together with an increase in production (Table I), and this resulted in an abnormal increase in stocks. This development during 1972 led the members of the trade to limit expansion of production to 110,000 metric tons, i.e. 10% more than in the previous marketing year. At the end of 1972, before prices were fixed for the following marketing year by Taiwan, French manufacturers negotiated with the Taiwan exporters and on 8.1.1973 concluded an agreement in Taipei to divide the German market for first quality preserved mushrooms (with the respective quantities of about 30,000 tons fixed for each party, the total of 60,000 t corresponded closely to the projected German consumption in 1973 of first quality preserved mushrooms) and to coordinate their selling prices on that market in such a way as to avoid excessive competition. Except for the first months of 1973 the agreement did not operate. This agreement constituted an infringement of the rules of competition (Article 85) of the Treaty. The Commission had therefore instituted a procedure in application of Article 85 and on 10 June 1974 sent to the French and Taiwanese producers a communication containing the grounds for complaint against their agreement and announcing its intention to impose fines on them, these fines remaining to be determined within the framework of a Commission decision which must be made in the near future. The interested parties have not contested the facts as the Commission has set them out in its communication of June 1974.

VII. Position in 1973

The situation which characterized 1972 - increased exports to the German market, combined with a drop in selling prices - continued during 1973 (Table VIII). It became still more marked as regards exports from Taiwan by reason of the devaluation of the US dollar, since contracts with that country are traditionally expressed in US dollars. The new devaluation of the dollar in February 1973 increased yet further the gap between the Taiwan prices of 1972 and 1973 on the German market. The prices of preserved mushrooms from Taiwan therefore fell during the period January-August 1973 by about 35%. This situation did, of course, create problems for the European producers.

VIII. The reaction from Taiwan

In October/November 1973 the Commission held talks with the Taiwanese exporters with a view to rectifying the situation. The price increase (of 10%) which occurred in September 1973 has since been maintained. With regard to the new 1974 season, Taiwan has communicated to the Commission and subsequently applied prices increased by 12 to 14% as compared with the first prices effective in 1973. They are from 98% to 100% of the prices ruling in 1972 before the fall in prices (Table IX).

Taiwan has also planned to limit its exports to 1 million standard cartons in 1974, instead of 1.3 million as in 1973, and to increase prices again towards the middle of 1974.

Moreover, another phenomenon should be emphasized which will affect any increase in prices. After the publication by Taiwan of the prices for 1974 expressed in US dollars - the position of the dollar having considerably improved - prices converted into DM have become higher.

IX. New suppliers : People's Republic of China, South Korea

Although a certain amount of discipline with regard to prices and quantity can be expected from Taiwan, two other suppliers appeared in 1973 which could be more disturbing, namely the People's Republic of China and South Korea. Until 1973 their exports to the EEC amounted to very little; but in 1973 their exports increased considerably, and were at very low prices (Table X).

X. The situation in 1974

Accompanying the recovery of Taiwan prices, there has been an increase in imports from other Asian countries which are strengthening their position on the Community market by offering extremely low prices which are not only threatening to supplant exports from Taiwan but represent a serious danger to both the production and competitiveness of Community products.

During the first eight months of 1974 the development of this trend has resulted in imports into the Federal Republic of Germany of 13.105 metric tons from the People's Republic of China and 5.034 metric tons from South Korea (see table X). It has also brought about over the same period an accumulation in stocks of mushroom preserves within the Community of over 20,000 metric tons.

CONCLUSION

The rise in Taiwan's offer prices which towards the middle of this year had already risen by 20% in relation to their lowest level of August 1973, has lessened the difficulties with relation to imports originating there. H

However with the increasing shipments and the low prices of other Asian countries similar new problems are arising. In order to deal with these services of the Commission made contact in July 1974 with the authorities of the People's Republic of China and of South Korea with a view to working out rules on exports from these countries. Up to now these contacts have not had any positive results.

In view of this, the Commission, at the request of a Member State, decided to take protective measures relating to this product and these came into force on 9 August 1974

These measures, which began to apply on 26 August 1974, provide principally for import restrictions.

TABLE I

Production of preserved mushrooms in the EEC
in metric tons

Country Years	CEE	B.L.E.U	Denmark	France	Ireland	Italy	Nether- lands	Germany	United Kingdom
1966	49,8	2,0	2,0	39,0	n.d.	0,8	6,0	n.d.	
1967	61,8	2,2	2,4	49,0	n.d.	n.d.	8,2	n.d.	
1968	60,9	2,2	1,8	45,0	n.d.	n.d.	11,9	n.d.	
1969	70,7	2,8	1,7	49,0	n.d.	n.d.	16,9	0,3	
1970	88,6	2,7	2,0	59,0	n.d.	n.d.	24,5	0,4	
1971	113,6	3,8	7,8	71,0	n.d.	n.d.	30,5	0,5	
1972	154,1	4,3	3,1	100,0	n.d.	n.d.	36,0	0,7	10,0*
1973	158,8	3,3	2,6	102,3	n.d.	n.d.	40,0*	0,6	10,0*

* estimate

Percentage of production sold abroad - (intra + extra EEC (%))

Years	country France	Netherlands
1966	24,9	59,5
1967	27,5	67,6
1968	37,8	74,7
1969	39,2	80,5
1970	37,9	93,0
1971	39,9	82,6
1972	50,4	88,~

TABLE IIExports from France-in 1000metric tons

Years	Total	intra-EEC	Non-Member
1966	9,6	6,6	3,0
1967	13,3	10,5	2,8
1968	16,9	14,3	2,6
1969	19,3	16,5	2,8
1970	20,4	19,3	3,1
1971	30,8	27,4	3,4
1972	51,1	47,5	3,6
1973	44,4	41,6	2,8

TABLEAU IIIExports from the Netherlands - in 1000 metric tons

Years	Total	intra-EEC	Non-Member countries
1966	3,0	2,9	0,1
1967	4,7	4,5	0,2
1968	7,6	7,3	0,3
1969	11,6	11,5	0,1
1970	19,4	19,1	0,3
1971	21,4	21,2	0,2
1972	27,0	21,8	0,2
1973	29,9	29,7	0,2

TABLE IVDevelopment of imports in the original EEC - in 1000 metric tons

Years	Countries of origin	Total non-Member countries	of which Taiwan	Trade within EEC	of which	
					France	Netherlands
1966		17,1	15,7	8,9	6,6	2,9
1967		19,7	18,0	14,2	10,5	4,5
1968		24,2	22,5	22,6	14,3	7,8
1969		20,0	17,3	28,7	16,5	11,8
1970		23,1	17,2	36,7	19,3	19,1
1971		27,1	22,0	49,7	27,4	21,2
1972		20,5	17,0	74,2	47,5	26,7
1973		n.d.	n.d.	n.d.	n.d.	n.d.

TABLE V

Imports into Federal Republic of Germany--in 1000 metric tons

Years	Countries of origin	Total	of which		
			Taiwan	France	Netherlands
1966		24,4	15,4	5,3	2,5
1967		32,0	17,6	9,0	4,1
1968		44,8	22,1	13,8	7,4
1969		46,1	17,0	15,1	11,5
1970		56,0	16,9	15,7	17,4
1971		73,1	22,0	22,8	20,7
1972		88,9	17,0	40,7	26,6
1973		105,9	25,5	36,8	29,9

TABLE VIImports into B.L.E.U. -- in 1000 metric tons

Years	Countries of origin	total	of which		
			Taiwan	France	Netherlands
1966		1,2	0,2	0,6	n.d.
1967		1,3	0,4	0,5	n.d.
1968		1,4	0,3	0,7	n.d.
1969		1,8	0,2	1,2	0,3
1970		1,8	0,2	1,2	0,3
1971		2,8	0,5	1,6	0,7
1972		3,4	0,5	2,2	0,6
1973		5,3	0,7	3,5	1,0

TABLE VIIImports into Denmark - in metric tons

Years	Countries of origin	Total	of which	
			Taiwan	France
1966		52,-	n.d.	n.d.
1967		67,-	n.d.	n.d.
1968		63,-	n.d.	n.d.
1969		53,9	33,5	11,8
1970		36,8	7,6	12,8
1971		77,3	29,3	26,4
1972		57,5	39,6	9,2
1973		124,3	46,7	11,2

TABLE VIII

CIF prices for imports into F.R. of Germany in DM/100 kg net (1)

Years Month	France					Pays-Bas					Taiwan (2)				
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
January	377	382	335	278	249	377	397	327	278	261	393	362	350	318	241
February	365	392	322	281	257	376	392	314	306	266	368	403	347	289	236
March	377	409	319	290	268	405	392	309	274	269	382	392	339	277	245
April	379	412	312	273	270	381	393	335	385	285	366	400	327	273	236
May	390	398	303	285	260	362	375	291	276	302	365	367	323	253	244
June	376	394	294	274	265	359	369	292	264	286	355	369	334	251	236
July	386	380	292	257	257	384	358	280	265	275	370	359	347	225	250
August	390	374	276	258	262	381	356	286	255	264	367	347	343	203	262
September	399	364	272	246		378	358	295	247		361	332	304	222	
October	392	362	263	252		388	344	292	238		357	328	337	218	
November	401	360	269	254		398	364	289	274		355	341	324	223	
December	406	343	271	249		408	330	309	253		366	329	315	241	
average per year	386	378	291	267		384	368	301	269		384	368	330	246	

(1) i.e., without taking into account the weight of the container. The actual trade prices on the market are, therefore, approximately 17% lower.

(2) Before customs clearance.

Source : SPA : WIESBADEN

TABLE IX

1974 Marketing year : prices communicated
by Taiwan expressed in US \$ per standard carton

Period	Quality and size of container	Whole				Pieces			
		16 oz (1)	8 oz (2)	5.5 oz (3)	4 oz (4)	16 oz (1)	8 oz (2)	5.5 oz (3)	4 oz (4)
1972 ⁽⁵⁾	A	17,11	8,78	6,48	4,71	15,77	8,14	6,12	4,35
	C.+ F.	15,81	8,22	5,93	4,42	14,66	7,59	5,51	4,06
1973 ⁽⁵⁾	A	14,80	7,70	5,44	4,13	13,80	7,15	5,04	3,83
	B	15,33	7,99	5,69	4,28	14,30	7,42	5,23	3,97
	C	15,60	8,13	5,74	4,36	14,55	7,55	5,32	4,04
1974	F O B	15,80	8,20	5,80	4,40	14,50	7,40	5,20	4,00
	C. + F.	17,00	8,82	6,24	4,73	15,59	7,96	5,59	4,30
1974 (C. + F.) expressed in % of prices									
1972	A	99,3	100,4	98,2	100,3	98,8	97,7	91,3	98,8
1973	A	114,8	114,5	114,7	114,5	112,9	111,3	110,9	112,2
	B	111,1	110,3	110,4	110,5	109,0	107,2	106,8	108,3
	C	108,9	108,4	108,7	108,4	107,7	105,4	105,0	106,4

(1) 24 tins 4/4 (16 oz.)

(2) 24 tins 1/2 (8 oz.)

(3) 24 tins 1/3 (5.5 oz)

(4) 24 tins 1/4 (4 oz)

(5) 1974 A 1,170,000 standard cartons

B 130,000 standard cartons

1974 A 600,000 standard cartons

B 500,000 standard cartons

C 200,000 standard cartons

TABLE X

Imports into the Federal Republic of Germany from
the People's Republic of China and
from South Korea

a. per month.

Year	Month	P.R. China		South Korea	
		metric tons ⁽¹⁾	price (1) DM/100 kg	metric tons(1)	price(1) DM/100kg
1971	January	-	-	145,3	465
	February	-	-	198,9	481
	March	133,6	337	327,6	476
	April	62,8	336	116,2	407
	May	-	-	89,3	429
	June	75,4	267	145,1	476
	July	23,5	281	199,7	480
	August	67,8	302	352,6	364
	September	20,4	328	121,8	451
	October	43,4	279	91,5	368
	November	19,3	316	122,2	373
	December	3,6	250	53,2	344
1972	January	18,1	282	73,4	320
	February	7,7	273	157,5	346
	March	12,1	289	295,4	331
	April	30,9	323	178,5	346
	May	6,2	306	53,3	456
	June	10,0	290	58,4	360
	July	-	-	154,8	314
	August	-	-	3,1	258
	September	20,9	230	83,4	325
	October	1,7	294	42,5	353
	November	-	-	16,3	288
	December	5,7	316	33,0	355

TABLE X (continued)

1973	January	-	--	43,4	290	
	February	0,8	-	44,3	282	
	March	689,6	199	180,4	308	
	April	826,8	179	44,4	293	
	May	502,9	200	697,8	254	
	June	260,7	193	336,3	222	
	July	566,6	159	449,0	224	
	August	382	176	722,9	234	
	September	631,8	161	562,9	212	
	October	455,8	162	631,5	207	
	November	1.815,5	128	856,3	216	
	December	341,9	180	625,4	231	
1974	January	1.934,2	187	1.113,7	223	
	February	532,0	189	655,6	216	
	March	1.599,6	175	1.073,3	218	
	April	1.155,3	162	831,7	205	
	May	1.573,5	192	395,0	230	
	June	1.135,3	184	426,3	217	
	July	2.550,3	191	281,9	218	
	August	2.625,1	198	351,9	220	
by year						
Country of origin	quantities average price	years	1971	1972	1973	1974 (8 months)
P.R. China	metric tons		450	113	6.474	13.105
	DM/100 kg		309	287	164	157
South Korea	metric tons		1.963	1.050	5.195	5.130
	DM/100 kg		432	339	229	218

(1) net weight : i.e., not taking into account the weight of the container

Source : S.B.A. Wiesbaden

