

# EUROPEAN COMMUNITY INFORMATION SERVICE

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COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

PRESS BACKGROUND INFORMATION

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## THE GENERAL AGRICULTURAL SITUATION

### IN THE COMMON MARKET

#### I. Percentage of self-sufficiency in principal agricultural products of the EEC

|                            | Wheat | Sugar | Dairy Produce | Coarse Grains | Beef and veal |
|----------------------------|-------|-------|---------------|---------------|---------------|
| Pre-war Average            |       | 76    |               | 79            | 96            |
| 1950/51 to 1952/53         | 77    | 90    |               | 82            | 96            |
| Average 1955/56 to 1957/58 | 89    | 98    | 101           | 82            | 93            |
| 1958/59                    | 93    | 108   |               | 78            | 93            |
| Forecast 1965 (1)          | 99    | 110   | 108           | 88            | (93)          |

(1) Assuming an average economic development and a normal harvest.

Since production has been increasing more than consumption, the degree of self-sufficiency for certain important agricultural products (i. e. the percentage of total supplies covered by production) has been constantly rising in the EEC. Self-sufficiency has declined only in beef and veal and, to a lesser degree, in coarse grains, which have been influenced by the great increase in the consumption of pork, poultry and eggs in the 1950's.

#### II. Degree of self-sufficiency within the EEC in 1958/59 (percentage of total supplies covered by internal production)

|            |      |                     |     |
|------------|------|---------------------|-----|
| Sugar      | 108% | Wheat               | 93% |
| Vegetables | 106% | Beef and veal       | 93% |
| Pork       | 101% | Eggs                | 90% |
| Rye        | 101% | Fruits and nuts     | 90% |
| Potatoes   | 100% | Coarse grains       | 78% |
| Butter     | 99%  | Oils and fats       | 40% |
| Cheese     | 99%  | (other than butter) |     |

At the present stage, when the common agricultural policy is being thought out and drawn up, production already covers consumption in quite a number of important agricultural products.

### III. Forecasts until 1965

A group of eight independent experts from the Community countries has endeavored to forecast the trends of production and consumption of foodstuffs if the established agricultural policies of the various countries, and in particular their price policies (assumption of constant real prices), were continued.

When the Commission called on experts to prepare this study, it was complying with the proposals made at Stresa and with the relevant suggestions from the European Parliament.

The report of the experts has now been completed and is about to be published. Its main conclusions can be summed up as follows:

- A. The trends in production and consumption will continue as in recent years; that is to say, the degree of self-sufficiency will continue to rise and net imports will fall further. (The study does not, however, give any indication of the evolution of gross imports and exports.)

#### Probable increase within the EEC of total consumption and production of certain agricultural products over a period of nine years

(1956 - 1965)

|                                      | <u>Total consumption assuming economic development to be</u> |         |        | Pro-<br>duc-<br>tion | Area under<br>cultivation<br>or number<br>of milch<br>cows | Yield per<br>hectare<br>or milk<br>production<br>per cow |
|--------------------------------------|--|---------|--------|----------------------|--|--|
|                                      | Weak   | Average | Strong |                      |  |  |
| Wheat                                | + 3(1)   | + 2(1)  | + 1(1) | +18(3)               | - 3  | +18  |
| Coarse grains and<br>potatoes        | +13(2)   | +18(2)  | +22(2) | +21(3)               | - 3  | +18  |
| (Pork, eggs and<br>poultry in units) | (+23)  | (+27)   | (+31)  |                      |  |  |
| Sugar                                | +22  | +24     | +27    | +40                  | +12  | +25(4)   |
| Dairy produce                        | +15  | +17     | +20    | +26                  | +14  | +11  |
| Beef and veal                        | +24  | +28     | +32    | +27                  | +14  |  |

(1) For human consumption only.

(2) Coarse grains and potatoes for human consumption, for industrial processing and as feed for pigs, poultry and cattle, with due allowance for the increased consumption of processed products and of the greater efficiency in feed methods, excluding feed for horses.

(3) Net production after deduction of seed, wastage and feed for horses.

(4) Allowance made for the increased yield in sugar beet growing and of the greater sugar content.

- B. If the various countries were to continue applying their present agricultural policy and in particular if the (real) prices were not to change, production and consumption in the EEC would develop as follows in the various sectors:

Wheat

Special attention must be paid to a tendency towards imbalance despite the assumption in this calculation of a slight decrease in the area under cultivation in the EEC. In the last few years the quantity of wheat used for animal feed has greatly increased, but the issue is in practice largely one of the price paid for the types of wheat used for feed. In 1965 production will - on the assumption of a normal harvest - cover consumption so far as quantity but not so far as quality is concerned; consequently, certain imports will be needed.

Sugar

The increased yield per hectare and the higher sugar content (plus 25 percent) would be sufficient, assuming an average economic development, to cover the increase in the consumption of sugar. Any increase of the area under beet cultivation will - in the case of a normal harvest - lead to an export surplus.

Coarse grains and potatoes

In endeavouring to assess the probable development in the coarse grain sector, the following points have been considered:

1. a. direct human consumption
- b. industrial consumption
- c. consumption of coarse grain as feed for pigs, poultry, and cattle

Although the increase in the consumption of pork, eggs, and poultry lies somewhere between 23 and 31 percent, the total consumption of coarse grain will not rise by more than 13 to 18 percent because

- (1) direct consumption is falling
  - (2) less coarse grain is required for the same quantity of processed products (efficiency of feeding methods);
2. the production of coarse grain and potatoes after the deduction of seed, losses and feed for horses, plus milling offals and the increasing use of wheat as animal feed.

On the assumption of vigorous economic development (strong demand for processed products), the coarse grain sector could remain balanced. Net imports would continue to be in the neighbourhood of six million tons. If, however, economic developments were less favorable, net imports would probably fall.

#### Beef and veal

The great increase of consumption (lean cuts) which can be expected on the assumption of an average or vigorous economic development (plus 28 to 32 percent) holds out good prospects for agriculture. This is a sector where the productive forces of agriculture can be developed with considerable freedom. In view of the close economic link between the production of milk and that of beef, the use of modern methods of production is important because they allow the production of meat to rise considerably without a great increase of the number of milch cows and of milk production.

- C. By and large it can be said, in view of these forecasts and of the present level of self-sufficiency in the EEC, that:
1. the opinion of those is confirmed who in general recommend a cautious price policy which will not artificially strengthen the trend towards greater production due in the main to technical progress;
  2. the overall economic development is of decisive importance for the disposal of agricultural produce (cf. coarse grain, beef and veal). Vigorous economic expansion not only prepares the ground for a dynamic agricultural policy which will enable productive forces of agriculture to develop along the lines suggested by changes in demand, but it also leaves a reasonable share of the market to imports. It must not, however, be forgotten that economic developments in the EEC are largely determined by the possibilities open for the export of non-agricultural products.

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