

THE EUROPEAN COMMUNITY

EUROPEAN ECONOMIC COMMUNITY

EUROPEAN COAL AND STEEL COMMUNITY

EUROPEAN ATOMIC ENERGY COMMUNITY

Sent Only to:

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COMMON MARKET SIGNS INTERNATIONAL GRAINS ARRANGEMENT TREATY

WASHINGTON, D.C., November 28, 1967 -- The European Economic Community signed the 1967 International Grains Arrangement today at the State Department in Washington.

The six member states of the EEC -- Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands, have also signed the Treaty. M. Louis Rabot, Director General of Agriculture for the European Communities Commission, signed for the EEC under authority given to him by the European Communities Council of Ministers. The arrangement replaces the 18 year-old International Wheat Agreement and consists of two parts: a Wheat Trade Convention and a Food Aid Convention.

Wheat Trade Convention. The Wheat Trade Convention combines basic price provisions negotiated in Geneva during the Kennedy Round cereal talks under the General Agreement on Tariffs and Trade (GATT), with a number of substantive and administrative provisions formerly contained in the IWA. Exporters and importers agreed that world trading prices for wheat should be higher than

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International Grains Arrangement Treaty cont.

those in the IWA. The Arrangement sets minimum and maximum prices for 14 major wheats and spells out procedures to be followed when prices reach the upper limit.

In a significant departure from the IWA, the new arrangement establishes a series of minimum prices for major wheats based primarily on differences in market value and quality at a common location. The EEC has undertaken obligations both as an exporting country and as an importing country with certain specified exceptions.

Food Aid Convention. The Convention incorporates the Food Aid provisions reached at Geneva and establishes a Food Aid Committee to review the operation of the Convention. In Geneva the principle exporters and importers agreed upon a program providing a total of 4.5 million metric tons of grain a year to the needy nations of the world. Of this total, 4.2 million tons have been subscribed. The European Economic Community will contribute one million tons, or about 23 per cent. The United States will contribute 42 per cent; Canada, 11 per cent; and Australia and Japan 5 per cent each to name only the major contributors.

Contributions to the food aid program can be in the form of wheat, coarse grains suitable for human consumption, or the cash equivalent. The bulk of the contributions is expected to be in wheat. The food aid will be supplied as grants or sold on soft terms, for local currency which, for the most part, will not be available for use by the contributing country.

Contributors may select the recipients of their aid and may administer their programs directly with the recipient or channel their contribution through an international organization such as the World Food Program.

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International Grains Arrangement Treaty cont.

The Arrangement was open for signature in Washington between October 17 and November 30, 1967. The two Conventions of the Arrangement will enter into force for a three-year period on July 1, 1968. Thirty-one countries and the EEC signed the Wheat Trade Convention, and 17 countries and the EEC signed the Food Aid Convention.

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