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COMMON MARKET OFFICIAL URGES INTERNATIONAL AGRICULTURAL COMMODITY AGREEMENTS

WASHINGTON, D.C., January 13 -- A European Common Market official has urged that preparations get underway for negotiating international accords covering major farm commodities.

Pierre Malvé, economic and trade affairs counselor of the European Communities delegation to the United States, made the suggestion yesterday before the convention of the National Association of Wheat Growers in Denver, Colorado.

He told the group that such international agreements would "substitute dialogue for confrontation and conciliation of interests for shows of strength." The agreements, he said, could reflect not only the mutual interests of the European Community and the United States but also provide a framework to reconcile any future differences.

He maintained that the Common Market had "no intention of taking over traditional American (farm) export markets" through aggressive export subsidies, but he added that the United States is not and cannot be the world's only agricultural exporter.

In his address, Mr. Malvé also commented upon the common agricultural problems and goals shared by the United States and the European Community. Both, he observed, had to cope with redistribution of farm population, modernization, maintenance of farm prices, and import competition. The methods of dealing with situations differed, he said, with some countries using variable customs levies and others relying on import quotas or subsidies. In the United States, he noted that government farm support amounted to $1300 yearly per farmer while in the Community, the figure was $900.

Mr. Malvé said that farming remained a more important slice of European economic, political and social life than in the United States. In 1969, the number of farm workers in the European Community totaled 10 million compared with four million in the United States. At that time, farmers comprised 14.2 per cent of the European population but only 4.8 per cent of the U.S. population. And agriculture represented 6.9 per cent of the Community's gross national product while compared with 2.9 per cent in the United States.

The Community feels, Mr. Malvé observed, that the United States "is too preoccupied with criticizing" the European farm policy to realize "what a good market it enjoys for its agricultural products." He cited figures showing that from July 1970 to June 1971, American farm exports increased 15 per cent over the previous year, reaching a new record of $7.8 billion. In fiscal 1971, he noted, U.S. farm exports to Japan increased 11.5 per cent over the previous year while those exports to the European Community jumped 27 per cent, from $1.4 billion to $1.8 billion.

He also noted that U.S. exports encountering the Community's variable levy duties increased at a faster rate than those free from the levy.

In proposing that the two trade partners enter into negotiations to solve their agricultural differences, he observed that the policies of aggressive export promotion based on the lowest possible prices had their limits and that a global approach must be made to the problem.

"American and European farmers should readily admit that they cannot thrive to the detriment of each other," he concluded, and should instead press "to develop dynamic cooperation" between the U.S. and Europe.

Referring to international accords proposed by the Common Market during the 1967 Kennedy Round, Malvé suggested that these might serve as stimuli for new ideas on which to negotiate.

Malvé recalled that:

- "The Community proposed simultaneously to proceed with the negotiation of a minimum-price level to be respected in international trade for each kind of grain, to consolidate the margin of support to be given by each country to agriculture, to make a commitment on a self-sufficiency ratio, and finally to accept to include in such an international agreement provisions for food aid.

- "The negotiation of a minimum price for grains sold on the world market appeared necessary in order to assure the maintenance of an adequate level of payment to the exporters and to avoid a competitive lowering of prices. It was hoped that under the future agreement, prices would normally remain above the minimum reference price. The Community proposed to negotiate also the quality differentials to take into account, for each grain, quality chosen to be the subject of the negotiations on the minimum price level.

- "The margin of support represented the amount of government aid given to the commodity under consideration. The consolidation of the margin of support meant, in the case of the Community, that it was ready to freeze the difference between the internal grain prices of the E.E.C. and the new world prices negotiated, this freeze being valid for a period of three years. The Community accepted thus not to raise its internal prices during this period. The consolidation of the margin of support meant also that the amount of subsidy given to exports was henceforth limited by the requirement of respecting the level of the international minimum prices negotiated in the agreement. The commitment to a policy of Community prices doubled thus into a commitment to its export subsidies.

- "The negotiation of a self-sufficiency ratio completed the preceding agreements. By self-sufficiency ratio is meant the relationship between internal production and consumption. If the ratio were to increase in the future, resulting in an increase of internal production, the Community commited itself to refrain from offering surpluses on the commercial market. This was in fact an indirect Community commitment on production policy. Such a commitment obliged the Community to increase its stockpiles, or to increase its food aid, or, eventually, to take autonomous steps to reduce its production."

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Copies of Mr. Malvé's speech may be obtained upon request from the European Community Information Service, Washington, D.C. 20036. Tel: (202) 296-5131.