

Newsletter on the Common Agricultural Policy

Weekly

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Starting positions taken up

EEC Council of Ministers faces new marathon session on farm problems

After the meeting of the Ministers of Agriculture of the six Member States on 12 to 14 November in Brussels it has become perfectly clear that the build-up of the EEC has now entered upon its decisive stage.

The starting positions have been taken up; the Ministers have agreed on a comprehensive and exacting programme. Its completion by 21 December of this year is to lead to the establishment of a full common market for agricultural products, and thus to be the most important step yet towards further integration. However, it is not impossible that the debate will be resumed at the beginning of January 1964.

The Ministers of Agriculture have agreed on the following programme:

On 21 and 22 November the European Parliament's Special Committee on Agriculture will meet to prepare the meeting of the EEC Ministers of Agriculture on 25 and 26 November in Brussels. For the rest of the week the Special Committee on Agriculture will take over again.

On 2 and 3 December there will be a joint session of the EEC Council of Ministers in Brussels, attended by the Ministers of Foreign Affairs and Ministers of Economics.

The marathon session proper of the Ministers of Agriculture will begin on Monday 9 December and will continue until Thursday/Friday 12/13 December. It will be resumed on Monday 16 December and is expected to end on 21 December 1963. It is, then, the intention that the decisions shall have been taken by that date.

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The Ministers of Foreign Affairs and of Economics are to attend throughout the session of the Ministers of Agriculture, because important decisions on foreign trade and finance policy are also to be expected.

Marathon sessions on farm problems are no novelty since the meeting of the Ministers of Agriculture which lasted from the end of December 1961 to 14 January 1962. This lack of novelty, however, applies only to the length of the sessions; the character of the coming meetings of the Council is entirely different. The earlier session was almost exclusively concerned with domestic farm issues in the Community; it is true that the negotiations for British membership were casting their shadows before them, but they did not yet exert a major influence on the course of events. Politically, the move to the second stage of the Treaty played an important part.

This time the negotiations will, as we have said, be very different in character. The recent preparatory meeting of the Council has made it quite clear that by and large the political issue is whether the Community is to be further integrated or whether more delay, and possibly stagnation, is to be accepted. After the initial success achieved on 14 January 1962, these negotiations will show whether or not the crisis of confidence in the Community has been surmounted.

The following are the main points:

- (a) Internal strengthening of the Community;
- (b) For the first time the Community's agricultural policy will have to take account of its policy on world trade;
- (c) The Community will be getting to the heart of its common agricultural policy.

Clearly, then, at this marathon session many problems must be solved simultaneously. The common agricultural policy is to be completed and steps are to be taken which will be decisive for the impending GATT negotiations. Farmers in the Community are entitled to know where they are going. There must be an end to the present uncertainty about the objectives and general trends of the common agricultural policy.

The EEC must therefore prepare a comprehensive blueprint of the way its common agricultural policy is to develop. This point was particularly stressed at the meeting of Ministers of Agriculture.

The effort to increase production is being replaced by endeavours to improve productivity. Today only part of the farming population enjoys an adequate standard of living. If this standard is to be

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raised further, farm income must evidently be distributed amongst a smaller number of people. The Council must try to find Community solutions to this problem. In future it will no longer be possible for each Member State to run its own agricultural affairs as it pleases; it must work with the others and consider the interests of the Community as a whole.

The Council must come to a decision on how much the farmers of the Community are to produce in future. Here the prices of cereals is of decisive importance; the Commission's proposals concerning the establishment of a uniform Community price for cereals in 1964/65 have been put to the Council as part of an agricultural package deal on which the Ministers will have to decide.

The Ministers are therefore faced with some major problems. These involve not only the financial effects of the common agricultural policy and the related political problem of parliamentary control over expenditure under this policy, but also the need to safeguard the consumer when fixing prices.

In the coming six weeks, therefore, the main issue will not be simply to pass the outstanding regulations on rice, beef and dairy products, but to provide the whole policy with a broad framework capable of lasting as long as possible.

Certain improvements are also to be made to the regulations already in force.

The programme of work which the Council laid down on 9 May is still fully valid. It may be summarized as follows:

1. The Council agreed to issue, not later than 31 December 1963, regulations on the common organization of the markets in
 - (a) dairy produce
 - (b) beef
 - (c) rice.

It will then be possible to put these into effect in the first quarter of 1964.

2. The Commission is to submit proposals to the Council concerning the common organization of the sugar market.

The Council also agreed:

- (a) To proceed in due course to a general discussion of agricultural prices in order to reach decisions on the progressive alignment of such prices during the transitional period;

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- (b) To reach before 1 July 1963 a decision on the draft regulation concerning the first approximation of cereal prices for the year 1963/64;
- (c) To fix before 1 January 1964 prices for the year 1964/65.

Further steps will at the same time be taken, under existing regulations, to eliminate distortion in competition on the Community's agricultural markets, and to ensure uniform application in all Member States of existing arrangements for the common organization of markets.

3. The Council further agreed to decide whether the following regulations should be included in the programme:

- (a) The sanitary regulations relating to beef;
- (b) The regulation concerning the terms on which aid may be given by the Agricultural Guidance and Guarantee Fund.

The Council agreed to examine thoroughly, on the basis of a study by the Commission, the results of the regulations already in force, including the implementing regulations, and to apply any lessons drawn from this examination.

Before the end of 1963 the Community is to decide the attitude it will adopt in the GATT negotiations.

Obviously, this is a heavy programme. But it can be managed, especially since the decisions to be taken by the Council - in particular those concerning beef and rice - have been well prepared in numerous meetings of experts. It all depends on the determination of everyone concerned to reach decisions. The present difficulties were known when the Treaty was concluded; they affect all Community countries equally, and no one of them could claim that it is faced with greater difficulties than the others.

In for a penny, in for a pound - and the Community cannot halt halfway. It must be evident to all delegations that this is an issue on which the decision taken will be felt for generations to come, and that we are now at the cross roads. Without economic and political integration our continent would decline to second-rate importance, and agriculture would be the last to profit from that. Objections based on national interests must therefore be pushed into the background as far as possible so that a vigorous future may be ensured for the coming generations.

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Community Decisions and Regulations

Developments in the Council

Extended validity of reduction in levies on imports of pigs for slaughter and of fresh pigmeat from non-member countries. (The Federal Republic of Germany not in step with the other five Member States.)

As pigs are in very short supply in the Community, the delegations of the Member States decided in the Council on 14 November 1963 to extend till 31 December 1963 the regulation on the reduction of levies on pigs and certain parts thereof imported from non-member countries. So far, only Italy and France had availed themselves of this facility to reduce the levies. Belgium, the Netherlands and Luxembourg have now decided to do the same. The amount of the reduction was also increased. Whereas until 30 November it will be in France three quarters, and in Italy one third, of the charge at present levied on these products in the Netherlands, from 1 December the reduction made in all these five Member States will amount to 75% of the present Netherlands levy, or 6.7509 units of account per 100 kg.

Only the Federal Republic of Germany decided not to take the same action.

Pigmeat prices in the Member States showed the following increases over last year:

	Nov. 1962/Nov. 1963
Belgium	55%
Federal Republic of Germany	12%
France	51%
Italy	15%
Netherlands	24%

Suspension of duty on sugar from non-member countries

At its session of 14 November the Council of Ministers, on a request of the Italian Government, decided that for beet and cane sugar the duty shown in the Common External Tariff should be completely suspended until 31 March 1964.

The Italian Government had pointed to the urgency of this measure in view of the inadequate beet sugar crop in 1963; supplies had to be increased if prices were to be kept down.

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Estimate of sugar production and consumption
in the Community 1963/64

	<u>Production</u>		<u>Consumption</u>	<u>Deficit</u>	<u>Surplus</u>
	<u>Sugarbeet</u>	<u>Sugar</u>	(tons)		
Italy	7 000 000	340 000	1 300 000	460 000	--
France		2 400 000	1 850 000	--	550 000
Netherlands		300 000	450 000	150 000	--
Belgium	2 106 000	340 000	310 000	--	--
			(incl. 10 000 agreement with the Netherlands)		
Germany (FR)		1 900 000 to 2 000 000		--	c. 100 000

On the other hand, an Italian request for a suspension of duties on molasses did not succeed in the Council. It was defeated by German objections which largely concerned yeast made from molasses and later imported into the Federal Republic at reduced prices. It is likely that this Italian request will none the less reappear on the agenda of the EEC Council of Ministers at its next session.

SPOTLIGHT ON AGRICULTURE IN THE EEC

Proposals concerning measures to establish
common prices for cereals

The Commission has submitted to the Council four proposals for regulations to establish a common price level for cereals in the Community and to deal with the financial and social problems involved. These are:

1. A regulation amending Council Regulation No. 19 with a view to unification of cereals prices in the Community.
2. A regulation on the fixing of cereals prices for the marketing year 1964/65 and on the designation of the marketing centres.
3. A regulation on compensatory measures and elaboration of Community plans to improve the standard of living of the agricultural population.
4. A regulation amending Regulation No. 25 in respect of the contribution made by the European Agricultural Guidance and Guarantee Fund.

At its session of 13 November the Council laid down that immediately upon submitting these draft proposals to the Council the Commission shall put the regulations before the Parliament for information, and submit the explanatory memorandum for opinion, so as to avoid loss of time in the Council.

Only minor distortions of competition through aids

The discussion of the report on aids to agriculture which took place in the Council on 12 November showed that the aids used in the Community led to only minor distortions of competition and that these are greatest where there is as yet no common organization of the market. The adoption of further market organizations for rice, dairy products and beef will, therefore, further restrict the field within which aids can distort competition.

Trade with non-member countries maintained

The Commission's report to the Council on the first year of the operation of the regulations for the common organization of agricultural markets showed that the volume of the Community's agricultural trade with non-member countries was maintained. Minor drops in the import of certain items to the Federal Republic were compensated by increased imports to Italy.

Certain points in the agricultural regulations already in force, especially those on cereals, pigmeat and poultry, need amendment. This applies in particular to the arrangements for refunds on live-stock produce. The EEC Commission holds the view that these refunds should be made uniform and that the amount refunded should be limited to the variable components of the levies (component A). The Commission will submit to the Council proposals on these lines.