

Newsletter on the Common Agricultural Policy

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Great future for agriculture in the EEC

"Farmers may expect considerable new outlets for their products in the EEC in the coming years, provided the economy as a whole continues to expand rapidly and steadily, an energetic effort is made to rationalize the activities of middlemen, and producers pay heed to the wishes of consumers, because in a competitive economy the consumer is king."

This conclusion is drawn in the eagerly awaited study "The common market in farm produce - outlook until 1970", compiled and published as No. 10 of the Agriculture series by the Directorate General for Agriculture of the EEC. This new study is a continuation and improvement of the previous study on "Trends in food production and consumption in the EEC 1956 - 1965".

The study says that in 1970 the situation on the common cereals market in the EEC will be largely determined by French production, as also will the beef and dairy produce markets. If, for instance, there is no change in the area under cultivation, France will account for no less than 42% of the total estimated increase in cereals production in the EEC between 1958 and 1970.

One of the many tables shows that the population of the EEC countries is likely to grow from 169 million in 1958 to almost 184 million in 1970, which amounts to an annual growth rate of 0.7%.

The optimistic conclusion is based on the argument that agriculture will profit not only from a rapid increase of population but also from a great overall economic expansion since income elasticity of demand for farm products is expected to be still fairly high in 1970. Furthermore, agriculture would benefit from a selective incomes policy which would improve incomes in the lowest brackets and thus help to increase food consumption. Agriculture would, however, derive

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an even greater advantage from measures to reduce retail prices for farm products, perhaps by a reduction of producer prices in those countries where they are highest -- provided such reductions are really passed on to the consumer, especially by reducing profit margins in the retail trade.

The many data, graphs, diagrams, statistics and conclusions give a complete picture of estimated future production, consumption and degree of self-sufficiency in respect of all important farm products in the Community.

In 1958 each inhabitant of the EEC consumed about 19,4 kg of beef and veal, 18.7 kg of pigmeat, 4.3 kg of poultry, and 194 eggs. Milk consumption came to about 105 litres per head and that of cheese to some 6.6 kg; butter consumption was approximately 5 kg (fat content), and total fats consumption more than 21 kg (fat content). The consumption of vegetables amounted to about 94 kg, and that of fresh fruit to about 62 kg including 16 kg of citrus fruit. Consumption of sugar was 27 kg and that of wheat flour 90 kg.

Can food consumption per head of population be increased in the EEC?

To answer this question foodstuffs should be divided into three categories:

1. Those of which consumption per head is expected to increase considerably (i.e. by more than 25%): poultry (98%), beef and veal (41%), other kinds of meat except pigmeat (30%), eggs (39%), cheese (26%), fresh vegetables (29%) and fresh fruit (37%).
2. Those of which consumption per head is expected to increase moderately: pigmeat (22%), butter (17%) and sugar (23%).
3. Those of which consumption per head is expected to increase but little, or even to decline: liquid milk, all fats (other than butter), cereals and potatoes.

In the EEC as a whole, total consumption of meat of all kinds will probably rise by more than 40% or 3.7 million tons. The rise is expected to be particularly great in the Federal Republic of Germany, where an increase of 1.4 million tons will be spread equally over beef, pigmeat and poultry, in Italy, where the increase will be 1.1 million tons, mostly beef and veal (700 000 t.) but only little pigmeat (200 000 t.); and in France, where the increase of 900 000 tons will consist largely of beef and veal (400 000 t.) with little pigmeat (200 000 t.) and poultry (100 000 t.).

In two EEC countries, the Netherlands and Italy, total consumption of milk and milk products may rise by about 40 or 50%, whereas the rise in the Belgo-Luxembourg Economic Union would be little and in France and the Federal Republic of Germany it would reach about 20%. As consumption of milk and milk products (especially liquid milk and similar products) is low in Italy, and consumption of butter is low in the Netherlands, rising standards of living will no doubt lead to a considerable increase in consumption of these products.

From 1958 to 1970 consumption of milk and milk products (in terms of liquid milk) will probably rise by 12.1 million tons or 25%; a considerable increase is expected in France (3.8 million t.), in the Federal Republic of Germany (3.4 million t.), in Italy (3.4 million t.), and in the Netherlands (1.4 million t.), since an increase in consumption of butter is counted upon in that country.

France and Italy will account for most of the estimated total increase in consumption of cheese within the EEC (150 000 tons and 160 000 tons out of 400 000 tons). In 1970 these two countries will account for about 70% of the EEC's total consumption of cheese. In the Federal Republic of Germany, too, a slight increase (50 000 t.) is expected.

The increase in consumption of butter is forecast at 90 000 tons for Germany, 80 000 tons for France and 36 000 tons for Italy. Total EEC consumption is expected to increase by 220 000 tons over the period from 1958 to 1970.

In the Federal Republic of Germany, the Benelux countries and Italy there will be a sharp increase in consumption of home-grown fruit.

The Federal Republic of Germany and the Netherlands are likely to offer major outlets for citrus fruits.

In Italy, direct consumption of sugar may increase rapidly. But in all the other Member States, development from 1958 to 1970 will be largely determined by indirect consumption (confectionery). Total consumption in the EEC will probably rise by 30%; of this rise the greater part (7/10) will be accounted for by Italy and the remainder (3/10) by the other Member States.

The total amount of sugar consumed in the EEC will probably rise by 1.5 million tons from 1958 to 1970. Of this, Italy will consume 0.7 million tons, the Federal Republic of Germany 0.3 million tons, France 0.28 million tons and the Netherlands 0.16 million tons.

As a result of the growth of population, total consumption of bread grain and potatoes will be almost the same in 1970 as in 1958, though consumption of potatoes per head will decline generally particularly in the Federal Republic of Germany, only in Italy will it increase, but to no more than a modest extent.

This survey would be almost provokingly optimistic if the study did not also point to the conditions which must be satisfied if these developments are to be turned to the advantage of agriculture. Limits are set by the degree of self-sufficiency in these products in the EEC. In this context the study also contains a detailed examination of what would be a suitable cereal price in the EEC. Consideration is also given to the situation which would arise if the Common Market were enlarged by the accession of Denmark, Norway and Great Britain, and a special chapter deals with estimates relating to a possible Community of Nine.

Relationship between prices for farm products
and means of production in the EEC

On the instructions of the EEC Commission, the Division concerned with development of farm equipment worked together with independent experts on a trial survey of the price relationship in the six Member States between various means of production and a number of farm products, the survey was based on data from farm accounts. A similar inquiry, also on the basis of statistics, had already been put in hand by the Directorate General for Agriculture, and the first results of this have now been published.

This report on the "Relationship between prices for farm products and means of production" states that the general statistical results obtained may become more convincing once an inquiry has been made into price - cost relationship in selected comparable farms in the six Member States.

As the common agricultural policy develops and is applied, a question which has often been discussed at national level now also arises at Community level. It concerns the relationship between the earnings obtained from agricultural produce and the prices paid for the means of production and the services required by the farmer. As the prices for basic farm products are aligned in the EEC - this is one of the main conditions for establishment of a genuine domestic agricultural market - the relationship between the prices of the various items will have to be considered.

The proposals for a common agricultural policy therefore point to this problem of earnings and the prices paid for means of production and services. On the basis of statistics, calculations have now been made which will be of use in fixing both the prices of farm products and of the means of production and also the level of wages in the EEC.

Agricultural Statistics No. 5/1963 "General calculations concerning the supply of farm produce in the EEC", just published by the Statistical Office of the European Communities

This booklet contains a number of calculations for the most important farm products, on the basis of which it is possible to assess the supply situation in the Community and in the individual Member States over the past years. For the first time a booklet in the "Agricultural Statistics" series gives these supply calculations, both individually and collectively, for cereals, rice, sugar, wine, milk and milk products, and meat. No similar calculations are yet available for vegetables, fruit, potatoes, eggs, fish, nutritional fats other than butter, and a number of less important agricultural products.

The booklet shows:

1. The degree of self-sufficiency;

2. The breakdown of exports to other EEC countries and non-member countries,
3. A similar breakdown for imports;
4. The amount of foodstuffs consumed per head per year in each country.

Some of these calculations only go up to 1960/61, but most include 1961/62.

The booklet, priced at 75 Belgian francs, can be obtained from the

Office Central de Vente des Publications
des Communautés Européennes
9, rue Goethe
Luxembourg

or through

HM Stationery Office
P.O. Box 569
London, S.E.1.

Community Decisions and Regulations

Commission

On 12 December the EEC Commission submitted to the Council of Ministers a proposal for a directive on sanitary regulations and legal problems affecting the trade in meat products.

This proposed directive marks a further stage in the establishment of uniform provisions to replace the present disparate provisions of veterinary and food legislation in the Member States. Its purpose is to harmonize action by the Member States in this field, and to create conditions in which consumers of meat products will enjoy the highest possible degree of protection.
