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Sugar in the EEC: basic statistics

As a draft regulation for the Community sugar market has been submitted to the Council by the Commission, it may be interesting to make a few observations on the market situation - without going into details on the possible extent of alignment. The subject can be illustrated with the help of the figures for 1963/64 that have just been published by the Statistical Office of the European Communities in Agricultural Statistics No. 1/1965. Readers should refer to this publication for further information.

The precise arrangements that the Council will eventually make to integrate the sugar markets are not yet known, but they will involve the organization of the sugar markets within the Community and the EEC's future policy towards non-member countries. The specific problems arising in this sector concern:

- (a) prices for the raw material (sugar beet) and derived products;
- (b) the organization of production;
- (c) measures to be taken against fluctuations in world market prices.

Although these matters have long been studied and discussed, none of the successive plans for regulating the market has been accepted. This delay is partly due to difficulties in implementing the common agricultural policy, but on the other hand the sugar problem is a complex one - and one that does not always present itself in the same form. The complexity of the matter can be judged by the fact that the provisions governing marketing are fairly liberal in some countries and rather strict in others. And the sugar market is subject to constant change and fluctuations in agricultural production. In recent years there have been times when sugar production soared, but there have also been years when output was insignificant.

In 1960/61, for instance, the EEC produced more than was needed for home consumption. In view of the projected common market for sugar, this brought up the delicate problem of production quotas and the distribution of financial burdens when surpluses are exported onto a world market on which prices are unusually low.

Table 1: Surplus or deficiency in EEC sugar supplies

	('000 t)			
	1963/64	1962/63	1961/62	1960/61
Output	5 318	4 527	4 750	6 342
Consumption	5 575	5 281	5 043	5 021
Balance	-257	-754	-293	+1 321

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Recently, however, the area under sugar beet has declined in some European countries, particularly the Netherlands (see Table 3).

Output and consumption figures for 1963/64 are given in the following table:

Table 2

('000 t, white sugar)

	Output	Stocks at outset	Final stocks	Consumption	Surplus/ deficiency
Germany	1 899	590	852	1 856	+13
France	1 848	813	827	1 527	+321
Italy	854	127	211	1 283	-429
Netherlands	385	178	133	548	-163
Belgium/ Luxembourg	332	105	107	361	-29
EEC	5 318	1 813	2 130	5 575	-257

Total output in 1963/64 was 5 318 000 tons. The year before 4 527 000 tons was produced, and in 1961/62, 4 750 000 tons (see Table 1). So production this year was considerably higher than in the two previous years. The results varied, however, from country to country. In Germany, France, Belgium and Luxembourg there were good harvests, while in Italy and the Netherlands they were lower than a year ago. The fluctuation in output can be ascribed partly to changes in the area under cultivation and partly to the weather. Table 3 shows that in 1963/64 11 000 hectares more land was under sugar beet in Germany than in the previous year, and 19 000 hectares more in France.

Table 3: Cultivated area in the EEC countries

('000 ha)

	1963/64	1962/63	1961/62
Germany	301	290	260
France	371	352	359
Italy	230	225	227
Netherlands	69	77	85
Belgium/Luxembourg	57	57	63
EEC	1 028	1 001	993

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The weather was also favourable - another factor that makes for good harvests. This is illustrated by the figures for yield per hectare.

Table 4: Sugar yield per hectare ⁽¹⁾

	(t/ha)		
	1963/64	1962/63	1961/62
Germany	6.31	4.75	3.72
France	4.98	4.30	3.45
Italy	3.71	4.08	3.11
Netherlands	5.58	5.45	4.80
Belgium/Luxembourg	5.82	5.49	4.80
EEC	5.17	4.52	3.65

The 1963/64 sugar yield in Germany was 6.31 tons per hectare as against 4.75 the year before and 3.72 in 1961/62. Much the same trend can be observed in France. Here too, good weather produced a good harvest in 1963/64: output was 1 848 000 tons, giving a yield of 4.98 tons per hectare in comparison with 4.30 and 3.45 in the two years before. In Belgium and Luxembourg the cultivated area in 1963/64 was the same as in 1962/63. Yield per hectare, however, rose sharply to 5.82 tons - from 5.49 and 4.80 in the previous years. In the Netherlands output declined since the cultivated area dropped from 77 000 to 69 000 hectares as a result of a fall in sugar-beet prices. In Italy rather more land was put under beet than in the year before, but output remained far below the 1962/63 level owing to the poor extraction rate.

Table 5: Sugar yield from beet processed

	(%)					
	Germany	France	Italy	Nether-lands	Belgium/Luxembourg	EEC
1961/62	14.1	13.6	13.3	13.3	13.7	13.7
1962/63	14.8	14.8	13.5	14.1	15.1	14.5
1963/64	14.6	14.0	11.1	14.2	15.2	13.7

Total sugar consumption in the Community was 5 575 000 tons in 1963/64, 5 318 000 tons of which was home-produced. The EEC thus showed a deficit of 257 000 tons (see Table 1).

(1) Sugar output divided by cultivated area.

Let us now consider the situation in each country. While the 268 000 tons of sugar that Germany imported in 1962/63 was mainly to cover domestic requirements, increased output in 1963/64 ensured that most of the 240 000 tons imported could be used to build up stocks (see Table 2). French output, at 1 848 000 tons, also exceeded consumption (1 527 000 tons), making France the Community's biggest sugar exporter in 1963/64. In Belgium and Luxembourg consumption was about 30 000 tons in excess of output, with stocks remaining at the same level over the year (see Table 2). In the Netherlands, however, substantial imports were needed to meet home demand. The 385 000 tons produced in 1963/64 lagged far behind consumption (548 000 tons). Even with a sizable rundown of stocks (see Table 2), net imports of 118 000 tons were needed. Italy too had to import considerable quantities of sugar, since output at 854 000 tons was well below consumption - 1 283 000 tons. Stocks were very low at the beginning of the year, and building them up (see Table 2) brought net imports to 513 000 tons.

EEC grain supplies

The SOEC publication Agricultural Statistics No. 1/1965 contains grain balance sheets for 1963/64. This is the latest issue of the annual series of balance sheets and supplementary statistics for the Community and the six countries dating from 1955/56.

This number gives a brief survey of the main features of the trend of utilization of grain.

Table 1 gives grain balance sheets for the EEC over the last nine years. These show that the general trend of consumption continued in 1963/64. The increase in home consumption of grain is mainly a consequence of growing needs for grain for animal feed. The increase of 2.5 million tons in total consumption from 1962/63 to the following year was exceeded by the 2.7-million-ton increase in quantities intended for animal feed. This is even more striking when expressed as a percentage: the 7.7% rise in consumption of grain for animal feed is almost double the 3.9% rise in total consumption.

In 1955/56 less than half (46.7%) of the grain consumed within the Community was for animal feed. By 1963/64 the proportion had risen to 56.5%. These figures reveal the importance of animal feed in overall grain utilization.

As against the 38.2 million tons consumed as animal feed, only 22.2 million tons went for food consumption in 1963/64 - 900 000 tons less than in 1955/56. This reduction is in line with the general trend in the more advanced economies over recent years. There has been a marked increase in consumption of livestock products (foodstuffs of animal origin), while at the same time demand for cheap foods with a carbohydrate basis such as bread and potatoes has fallen continually. Grain, which was first of all processed for direct human consumption, is being increasingly used as animal feed, which in turn is a raw material for livestock products. This trend continued in 1963/64.

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Table 1: Supply balance sheet for the Community - grain

	('000 t)								
Items	1955/56	1956/57	1957/58	1958/59	1959/60	1960/61	1961/62	1962/63	1963/64
Output (net)	47 977	48 507	49 182	49 446	52 701	53 343	49 555	57 756	56 704
Stocks at outset	9 237	9 802	11 742	9 842	10 032	10 752	11 921	10 863	13 238
Final stocks	9 802	11 742	9 842	10 032	10 752	11 921	10 863	13 238	11 772
Exports (1)	3 309	2 546	3 420	2 612	2 985	3 375	3 742	5 476	6 970
Imports (1)	11 380	13 778	10 533	12 200	12 989	13 803	17 039	15 128	16 408
Total home consumption	55 484	57 799	58 195	58 844	61 985	62 602	63 910	65 033	67 608
Seeds ^a	4 009	3 493	3 452	3 443	3 400	3 332	3 430	3 563	3 322
Animal feed	25 940	29 037	29 046	29 693	32 749	33 224	34 328	35 439	38 202
Losses (on markets)	256	272	280	293	467	442	357	369	368
Industrial consumption	2 118	2 370	2 527	2 597	2 848	2 873	3 106	3 162	3 443
Grain equivalent	23 161	22 627	22 890	22 818	22 521	22 731	22 689	22 500	22 273
Extraction rate (%)	76	76	76	76	76	75	75	75	75
Weight of product	15 587	17 272	17 394	17 231	17 160	17 144	17 117	16 968	16 746
Idem kg/head	107	104.2	103.8	101.8	100.4	99.5	98.2	96	93.8

(1) Excluding intra-Community trade.

Trend of consumption per head

The table below shows how consumption of wheat and all kinds of grain has fallen off over the last nine years. It should first be noted, however, that consumption per head has declined more markedly than total consumption. For the reduction in quantities utilized for human food should be seen in the light of the population increase from 164.5 million in 1955/56 to 178.4 million in 1963/64: the population whose requirements had to be met grew by 13.9 million in this period.

Table 2: Consumption per head of population

	Germany	France	Italy	Nether-lands	Belgium/Luxembourg	EEC
	(kg/year)					
Wheat						
1955/56	62.7	101.5	121.1	76.6	94.4	93.0
1963/64	51.7	89.9	121.1	67.0	81.0	84.3
Total grain						
1955/56	93.1	103.6	130.8	87.1	101.3	107.0
1963/64	73.6	91.3	126.6	73.1	82.6	93.8
	(1955/56 = 100)					
Wheat						
1955/56	100	100	100	100	100	100
1963/64	82	89	100	87	86	91
Total grain						
1955/56	100	100	100	100	100	100
1963/64	79	88	97	84	82	88

For the six countries as a whole there has been a general decline of 10 to 20% in consumption of wheat and of grain in general. Only in Italy has consumption per head of wheat remained the same (121 kg a year) between 1955/56 and 1963/64. In all other EEC countries wheat consumption is declining. For the EEC as a whole, then, we have a 9% decrease in consumption per head since 1955/56.

Similar developments can be seen in consumption per head of all kinds of grain. The decline is greater for grain in general than for wheat alone, however: consumption of products based on grain is 12% lower in the Community than it was in 1955/56.

The proportion of grain used for food consumption in total domestic consumption also varies from one country to the next:

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	1955/56	1963/64
Germany	37%	28%
France	34%	28%
Italy	63%	46%
Netherlands	30%	22%
Belgium/Luxembourg	36%	31%
EEC	42%	33%

The proportion of grain for food consumption in total supplies is still much higher in Italy than in the other countries, though here too it is falling. Germany and France with 28% and Belgium/Luxembourg with 31% are closest to the current EEC average, which is more or less the proportion obtaining in the Netherlands in 1955/56. A pointer to further developments is that the figure for the Netherlands has meanwhile fallen to 22% - still less than half of the figure for Italy (46%).

Degree of self-sufficiency

Table 3: Self-sufficiency in grain ⁽¹⁾

	(%)								
	1955/ 56	1956/ 57	1957/ 58	1958/ 59	1959/ 60	1960/ 61	1961/ 62	1962/ 63	1963/ 64
(For the Community as a whole, 1955/56 to 1963/64)									
Wheat	94	79	94	91	94	89	86	108	91
Rye	93	98	100	99	99	95	74	96	96
Barley	68	90	71	74	84	99	82	94	106
Oats	94	96	88	92	90	92	88	94	94
Maize	70	71	63	66	61	63	56	45	52
Total	86	84	85	84	85	85	78	89	84

(1) Net output as percentage of total home consumption.

	Germany	France	Italy	Netherlands	Belgium/ Luxembourg	EEC
(For individual member countries, 1963/64)						
Wheat	80	110	88	44	74	91
Rye	99	108	94	68	77	96
Barley	76	160	26	82	83	106
Oats	92	103	74	90	92	94
Maize	3	123	47	0	0	52
Total	78	122	67	34	56	84

The EEC area does not produce enough grain to meet its requirements - a situation that has remained fairly stable over the period under review. Only for barley can the Community produce more than it consumes. More maize has to be imported than any other kind of grain: the maize deficiency was 48% in 1963/64.

Of the various EEC countries, France is the only one that produces enough of all kinds of grain to meet home demand. Output of barley is as much as 60% in excess of the country's requirements. France alone produces enough barley to give the Community an overall surplus of 6%, all the other countries being deficient in barley (Italy by 74%).

The Netherlands is the biggest grain importer in the Community. As a result of the government's farm policy, considerable quantities of grain have to be imported - particularly maize, wheat and to a lesser extent rye.

Belgium and Luxembourg have to import varying quantities to cover domestic consumption. Heavy imports of maize bring the overall grain deficit to 44%.

Animal feed

As already indicated, the primary feature in the trend of grain consumption is the substantial increase in quantities used as animal feed, with a corresponding steady decline in quantities for human consumption.

Table 4: Utilization of grain for human and animal consumption

	(millions of tons)			
	Animal feed	Food consumption	Other ⁽¹⁾	Total
1955/56	25.9	23.1	6.4	55.4
1956/57	29.0	22.6	6.1	57.7
1957/58	29.0	22.9	6.2	58.1
1958/59	29.7	22.8	6.3	58.8
1959/60	32.7	22.5	6.7	61.9
1960/61	33.2	22.7	6.7	62.6
1961/62	34.3	22.7	6.9	63.9
1962/63	35.5	22.5	7.0	65.0
1963/64	38.2	22.3	7.1	67.6

The Community consumed 25.9 million tons of grain as animal feed in 1955/56, and there was a steady increase in these quantities until the figure reached 38.2 million tons in 1963/64 - 50% up on 1955/56. This increase of 12.3 million tons compares with a growth of 12.2 million tons in total availabilities (Table 4).

The growth of grain requirements is therefore a result of the greater quantities used for animal feed.

The following table shows the percentage of total home consumption of grain that is used as animal feed and as food for human consumption.

	1955/ 56	1956/ 57	1957/ 58	1958/ 59	1959/ 60	1960/ 61	1961/ 62	1962/ 63	1963/ 64
Animal feed	47%	50%	50%	50%	53%	53%	54%	55%	56%
Food consumption	42%	39%	39%	39%	36%	36%	36%	34%	33%

Since 1955/56 quantities used as animal feed have increased by 9%, while grain intended for food consumption has fallen by 9%. The total increase of 9% in consumption as animal feed is the result of an upward trend in all member countries.

(1) Seeds, industrial consumption and losses on the market. .../...

Table 5: Percentage of grain used as animal feed in total domestic supplies

	(%)					
	Germany	France	Italy	Netherlands	Belgium/ Luxembourg	EEC
<u>1955/56</u>						
Wheat	20	22	1	5	5	13
Other grains	64	84	78	89	82	76
Total	50	53	28	65	54	47
<u>1963/64</u>						
Wheat	30	30	1	11	16	17
Other grains	67	89	90	91	85	82
Total	56	62	47	72	58	56

The percentage increase for France is the same as for the Community as a whole (9%), while the pace was slower for Germany, the Netherlands and Belgium/Luxembourg. The percentage of grain used as animal feed in Italy (47%) is the lowest in the Community, but comparison with the 1955/56 figure (28%) shows a 19% increase in its share of total consumption. In Italy too, then, almost half of total grain supplies is used for animal feed, as against a little over a quarter nine years ago. The breakdown by kinds of grain shows that in Italy the percentage of wheat used for animal feed has remained unchanged, so that "other grains" are chiefly responsible for the sharp upswing.

Table 6: Consumption of grain for animal and human purposes

(by volume, 1955/56 = 100)

	1955/ 56	1956/ 57	1957/ 58	1958/ 59	1959/ 60	1960/ 61	1961/ 62	1962/ 63	1963/ 64
Germany									
Animal feed	100	108	111	108	120	117	126	127	130
Food consumption	100	99	97	94	93	92	90	89	88
France									
Animal feed	100	112	105	108	119	118	122	127	137
Food consumption	100	94	100	102	98	100	99	100	97
Italy									
Animal feed	100	113	126	137	157	169	178	198	241
Food consumption	100	100	100	100	101	102	104	104	105
Netherlands									
Animal feed	100	119	114	123	131	149	138	132	138
Food consumption	100	99	100	98	96	95	98	93	91
Belgium/ Luxembourg									
Animal feed	100	117	119	118	123	115	116	112	105
Food consumption	100	92	93	91	90	95	91	86	85
EEC									
Animal feed	100	112	112	114	126	128	132	137	147
Food consumption	100	98	99	99	97	98	98	97	96

Table 6 shows clearly that the percentage decline in quantities used for animal feed is much smaller than the percentage increase in those used for human consumption.

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Grain used for human consumption dropped 4% in the Community as a whole. The trend in France was quite stable, though slightly downwards. The decline in Germany and the Netherlands was about 10%, and in Belgium and Luxembourg as much as 15%. Only in Italy was there an increase (5%), which points to a less advanced pattern of consumption. On the other hand, the importance of grain for animal feed went up in all member countries. Consequently, almost half as much again (47%) was used as animal feed in 1963/64 than in 1955/56. Germany (30%), France (37%) and the Netherlands (38%) are the member countries coming nearest to the overall Community percentage, which was given a vigorous push upwards by the unusually high annual increase in Italy. While in 1962/63 the increase in Italy was already 98%, the growth rate almost doubled over the past year and is now at 141%.

Over the whole period Belgium/Luxembourg shows a rather balanced upward trend, though there was a slight decline over the last two years, which indicates some degree of saturation in consumption as animal feed.