

Newsletter on the Common Agricultural Policy

No. 13

September 1967

The pattern of farm prices
in the EEC

New and revised prices for agricultural products

Part I: Commission's proposals

The EEC Commission recently transmitted to the Council a detailed memorandum containing proposals for the fixing of common prices for a range of farm products. The Council in turn referred it to the European Parliament for an opinion.

On 1 June 1967 the Council approved the basic regulation¹ for the single market in cereals.² The Council, at this and subsequent meetings, and the Commission also adopted a large number of implementing regulations for cereals - one of them fixing prices and specifying the principal trading centres for 1967/68.

The prices fixed were as follows (in u.a./t):

| | <u>Target price</u> | <u>Basic inter- vention price</u> | <u>Threshold price</u> |
|---------------------------------------|---------------------|---------------------------------------|----------------------------|
| Wheat other than durum | 106.25 | 98.75 | 104.38 |
| Rye | 93.75 | 87.50 | 91.88 |
| Barley | 91.25 | 85.00 | 89.00 |
| Maize | 90.63 | --- | 88.38 |
| Durum | 125.00 | 117.50 | 123.13 |
| | | Oats | 83.66 |
| Guaranteed minimum price for durum | 145.00 | Buckwheat | 84.55 |
| | | Grain sorghum | 85.44 |
| | | Millet | 84.55 |
| | | Canary seed | 84.55 |

The introduction of the common market organization for cereals on 1 July 1967 and the fixing of common cereal prices ushered in the stage of direct Community control of farm price policy; the process will continue with the implementation of the Council decisions of 26 July 1966 on the introduction of common prices for milk and milk products, beef and veal, rice, sugar and sugar beet, olive oil and oilseeds.³ The Community's agricultural policymakers are thus

.../...

¹ Council Regulation No. 120/67/CEE, dated 13 June 1967.

² See "Newsletter on the Common Agricultural Policy" No. 7, June 1967.

³ See "Newsletter on the Common Agricultural Policy" No. 9, August 1966.

operating a price policy within a uniform, close-knit structure of farm prices.

Practically all the first common prices provided for in the regulations setting up common market organizations for farm products have been fixed by existing Council decisions. Following this year's change-over from different prices fixed by the national authorities to single Community prices, the prices of agricultural produce in the Community will have to be fixed annually and in advance.

The Community has now arrived at a sort of halfway house between the transition period and the final stage of the single agricultural market, and the new proposals submitted to the Council therefore vary considerably in character. They deal with:

1. New common prices - for 1968/69 - for:
 - (a) cereals,
 - (b) rice,
 - (c) olive oil,
 - (d) oilseeds.
2. The procedure for reviewing the first common prices fixed for:
 - (a) beef and veal,
 - (b) sugar and sugar beet.
3. The first fixing of common prices for:

pigmeat.

In reporting on the procedure for reviewing the first common prices fixed for beef and veal, sugar and sugar beet, the Commission is complying with the wishes of the Council, which on 26 July 1966 resolved to examine, by 1 October 1967, the guide price for beef and veal and the prices fixed for sugar beet and sugar, in the light of Commission reports on production and processing costs and prices, with a view to adapting them if necessary, on a proposal of the Commission, to developments occurring in the meantime.

General principles of agricultural price policy

Two matters are of major significance in the Community's policy on farm prices - the procedure followed in fixing prices and the criteria used to determine the level of these prices.

(a) Procedure

The Commission feels that the following four principles should be adhered to, and this view is largely endorsed by the Council.

- (i) All prices should be fixed at one and the same time.

.../...

- (ii) The timing of price decisions should be such that farmers can plan accordingly. Prices for tillage crops (cereals, rice and oilseeds) must therefore be fixed before the autumn sowing.
- (iii) Price decisions must be taken, then, not later than 1 August each year - before the start of the sowing season for most tillage crops.
- (iv) The Commission's price proposals should be accompanied by a report on the state of agriculture and the agricultural markets.

In making its price proposals for 1967, the Commission could be guided by these principles only in so far as they were relevant to the special circumstances of this transitional year.

Sufficient comparable data are not yet available for a complete and authentic report analysing the state of agriculture in the individual member countries.

Furthermore, a report of this kind will not have its full impact until such time as the common agricultural policy has passed through the transitional stage and the agricultural situation in the Community is fundamentally influenced by the common agricultural policy.

The EEC Commission insists, however, that it will prepare an annual report on the state of agriculture in future and submit it to the Council with its price proposals. Despite adverse conditions, the Commission did succeed in compiling a convincing report containing detailed material in support of its new proposals.

(b) Criteria for fixing price levels

Proposals regarding the level of prices made by the Commission so far have made allowance for the following items:

- (i) the farm incomes situation;
- (ii) the guiding of production (by establishing fixed ratios between different prices and keeping the supply situation in mind);
- (iii) the provision of consumer supplies at reasonable prices;
- (iv) the Community's role in world trade, with particular reference to international commitments or considerations;
- (v) the cost of financing the common agricultural policy.

As has already been pointed out, 1967 is still - as far as price policy is concerned - a year of transition to the single market stage, which will not be completed until 1968. This means that, in 1967,

.../...

- (i) price decisions do not have to be taken for all commodities for which provision is made for single prices under the joint market regulations (no prices are being fixed, for example, for milk and milk products);¹
- (ii) prices for certain commodities (beef and veal, sugar and sugar beet) are due for review; this is a matter of revising the first common prices fixed for these commodities but not yet in force, rather than of fixing the new year's common prices to replace those already operating, as is the case with cereals, rice, oilseeds and olive oil;
- (iii) a proposal for a basic price for pigs is being submitted; this has already been approved by the Council, though not yet formally adopted.

With regard to the review procedure, the Commission felt that its particular task was to provide, in its report, data of a kind to enable the Council to check whether or not events or developments had occurred which might warrant the amendment of the Council's decision of 26 July 1966.

Meeting on 11 July 1967, the Council agreed that, in view of the special circumstances described above, it would not insist this year on the 1 August deadline for a decision on the adjustment of price ratios: the decision could be adopted somewhat later.

Considerations to be borne in mind when fixing the new farm prices

The common prices approved by the Council between 1964 and 1966 come into effect on different dates between November 1966 and July 1968:

| | |
|---------------------------------------|------------------|
| Olive oil | 10 November 1966 |
| Cereals and oilseeds | 1 July 1967 |
| Rice | 1 September 1967 |
| Milk and milk products, beef and veal | 1 April 1968 |
| Sugar beet | 1 July 1968. |

The memorandum accompanying the Commission's price proposals examines the development of the economic situation in agriculture and trends on the agricultural markets.

Its examination of the economic situation covers the place of agriculture in the national economy, the trend of production, agriculture's contribution to other sectors of the economy, its contribution to GNP, labour productivity, commodity prices, productive equipment, wages, farm incomes, and estimates of production and consumption of farm products up to 1970.

.../...

¹ See "Newsletter on the Common Agricultural Policy" No. 6, March 1967, for the prices obtaining for milk and milk products.

In its survey of markets, the memorandum examines each of the individual products for which common prices are to be laid down under the following three headings: supply, the world market situation, and prices.

From this analysis, the Commission draws a series of conclusions based on economic and other evidence for each commodity.

The main points of economic evidence taken into account can be summarized as follows:

(a) The trend of farm incomes

There was no appreciable improvement in farm incomes in any of the Member States during the period under review (1964/65 to 1965/66). This factor alone would completely justify the raising of prices for farm products. Taking other factors into account as well, the Commission therefore proposes that producer price levels be raised generally wherever possible.

(b) The adaptation of production

The present and foreseeable position with regard to supplies calls for an increase in the output of two important groups of commodities - feed grains and beef. The trend in the Community is towards increased production of wheat other than durum, and the demand for feed grains is continuing to grow at a rate that would seem to indicate that production should be channelled towards these cereals. Milk products, particularly butter, are being produced in excess of intra-Community demand, while demand for beef and veal is growing much faster in the long term than production.

Consequently, it would be advisable

- (i) to narrow the gap between bread-grain and feed-grain prices, fixing higher prices for maize and barley which would correspond to the feeding value of these two grains;
- (ii) to raise the price for rice - a commodity for which maize is a substitute - so as not to prejudice the cultivation of rice in Italy again;
- (iii) for production policy to favour expansion of the supply of beef and veal rather than any further increase in milk output.

The supply situation does not warrant any increase in the prices for olive oil, oilseeds, sugar and sugar beet.

(c) Provision of consumer supplies at reasonable prices

The producer's share in consumers' expenditure on food is declining so sharply that it might be claimed that fluctuations in agricultural prices to the producer are having less and less of an impact on consumer spending. Since, however, consumer

prices are influenced to a not inconsiderable degree by the common agricultural policy, the effect on the consumer must not be forgotten.

(d) The EEC and world trade

One element of the EEC's farm price policy is that the Community is bound to take into account Article 110 of the Treaty, which records the Member States' intention to contribute to the harmonious development of world trade and safeguard their common trading interests.

With regard to wheat other than durum, it must be remembered that the Community already produces a surplus and is likely to continue to do so in the years ahead; and on the world market there is already a tendency for trade to decline.

Even if Community production of feed grains were increased, its purchases on the world market would not fall below their present level.

And it is more true of rice than of any other product, that an increase in producer prices in the Community is unlikely to bring about any change in import requirements.

On the other hand, it would be well if the Community's need to export milk products could be reduced, whilst a certain expansion of beef and veal production would be highly desirable for reasons of trade policy, among other things.

(e) Financing the common agricultural policy

The incidence of price policy on the financing of the common agricultural policy should be kept as low as possible. For this reason, the aim should be to step up feed-grain rather than wheat production and to expand beef and veal output, which will cut down the milk surpluses.

The report's main conclusions by commodity are as follows :

Cereals. As the Community is committed to improving farm incomes and the pattern of production, an obvious and logical move would be to increase only feed-grain prices slightly in relation to the wheat price (the price for maize rather more than the others).

Rice. So that the competitive position of Italian rice and rice originating in France may remain comparable with their relative positions during 1967/68, it would be advisable to increase prices in each of the producing areas - at Arles and Vercelli - by the same amount.

Sugar beet. Having regard to price trends and the area in production, there is no need to modify the prices for sugar beet fixed in July 1966.

.../...

Beef and veal. Judging by the forecast trend of production (cyclical slowdown from 1968/69), it would be well to fix a guide price for cattle which would stimulate beef and veal production and help to avoid further structural milk surpluses. It is therefore proposed to increase the guide price slightly for 1968/69, with provision for a further increase for 1969/70.

Olive oil. On the basis of available data and bearing in mind the importance of price stability for the trade and the consumer alike, the market target price for 1967/68 should be kept at the same level as in 1966/67.

Oilseeds. In view of the fact that the Council took the prices previously guaranteed to producers into account when fixing oilseed prices, that these prices had no appreciable effect on the area sown, and that the current proposals make no provision for changes in the price for wheat other than durum or the price for sugar beet (two crops which are in direct competition with oilseeds in crop rotation), it seems advisable to leave the target price for oilseeds at the same level for 1967/68 as it was a year earlier.¹

Pigmeat. In determining the basic price for pigmeat, the Council decided to take the sluice-gate price and the levies on slaughtered pigs into account since these are the factors which stabilize the price for pigs. To avoid structural surpluses, however, a certain amount should be deducted from the sum of these two price components to arrive at the basic price for slaughtered pigs.

When fixing the major farm prices each year, the Community must also bear in mind the preferences arising from association agreements. Under association agreements already existing or being negotiated, the Community is obliged to grant trade preferences for various commodities which are subject to levies. Normally, there are two ways in which the Community can accord associated countries trade preference in the form of a fixed amount:

- (a) The first is to reduce the levy by a standard amount. In the case of some important imports, however, such a method could mean that supplies of produce from associated countries would be offered at a price lower than the threshold price, which would prevent prices from reaching the target price.
- (b) The second is to add a standard amount to the threshold price in order to give the associated countries an advantage. However, under the basic regulations for the various market organizations this can only be done if a corresponding amount is added to the target price.

.../...

¹ In the market regulation for vegetable oils and fats, the Council fixed the target price for rape, colza and sunflower seed at 20.25 u.a./100 kg for 1967/68. The basic intervention price valid for Ravenna for the same marketing year was fixed at 19.65 u.a./100 kg.

If the second method is chosen - and this is what the Commission proposes - it would not be necessary to add an amount corresponding to the whole of the standard amount in the event of the volume of imports from present or future associated countries being limited in relation to imports from non-member countries.

Bearing in mind the need to accord preferential treatment to associated States, particularly in the case of rice and olive oil, the Commission submitted to the Council the price proposals shown in the table on pages 10 and 10a.

The financial repercussions of these proposals can only be gauged in terms of the effect of the changes in price. Assumptions concerning price movements on the world market, quantities imported or exported, or the extent of support measures are hardly likely to be affected.

The EAGGF must expect to disburse some 10 million u.a. extra on refunds, while there may be a saving of approximately 4 million u.a. on support measures.

On the other hand, the Fund's receipts from levies should rise by about 85 million u.a., mainly because of the increase in the threshold price for feed grains.

Under Article 11 of Regulation No. 130/66/CEE, 90% of the Member States' receipts from levies collected by them at the Community's external frontier are to be paid into the Guarantee Section of the Fund. They are part of the "variable part" of the scale of contributions.

Increased income from levies should therefore mean that the "variable" contributions to the Fund will increase by some 76 million u.a.

If the saving on market support (4 million u.a.) is offset against increased expenditure on refunds (10 million u.a.), contributions to the Guarantee Section of the Fund on the "fixed" scale of payment will be reduced by some 70 million u.a.

Part II: The European Parliament asks for an increase of almost 5% in Community farm prices

Meeting in the European Centre at Kirchberg in the Grand Duchy of Luxembourg on 19 July 1967, the European Parliament rendered a formal opinion on the Commission's proposals to the Council on the fixing and revision of prices for agricultural products.

In a resolution embodying its opinion - a resolution based on a draft by the Committee on Agriculture and adopted by a big majority - the Parliament went far beyond the proposals made by the Commission.

.../...

PROPOSED STABLE PRICES (NEW OR REVISED)

| Commodity | Type of price | Proposed price (L/a./t) | Equivalent in international currencies (Official exchange rates) | | | | Bfrs. or Lfrs./t | Z change ¹ | Period of application |
|-----------------------|---------------------------------------|----------------------------|---|----------|------------|----------|------------------|-----------------------|-----------------------|
| | | | DM/t | FF/t | Lfr./t | Fl./t | | | |
| <u>Cereals</u> | | | | | | | | | |
| Durum wheat | Target price | 125.00 | 500.00 | 617.13 | 78 125.00 | 452.50 | 6 250.00 | (a) | 1/1/57-31/12/59 |
| | Basic intervention price | 117.50 | 470.00 | 580.10 | 73 437.50 | 425.38 | 5 775.00 | (a) | " |
| | Minimum producer price (wholesale) | 145.00 | 580.00 | 715.67 | 90 625.00 | 524.00 | 7 250.00 | (a) | " |
| Other wheat | Target price | 105.25 | 425.00 | 524.56 | 66 406.25 | 384.00 | 5 312.50 | (a) | 1/1/57-31/12/59 |
| | Basic intervention price | 96.75 | 385.00 | 482.50 | 61 718.75 | 357.40 | 4 807.50 | (a) | " |
| <u>Barley</u> | Target price | 96.00 | 384.00 | 475.97 | 61 000.00 | 347.50 | 4 800.00 | (a) | 1/1/57-31/12/59 |
| | Basic intervention price | 89.25 | 357.00 | 440.63 | 55 761.25 | 323.00 | 4 462.50 | (a) | " |
| <u>Malt</u> | Target price | 96.00 | 386.00 | 480.77 | 61 075.00 | 353.33 | 4 850.00 | (a) | 1/1/57-31/12/59 |
| <u>Rye</u> | Target price | 96.00 | 384.00 | 475.96 | 60 000.00 | 347.52 | 4 800.00 | (a) | 1/1/57-31/12/59 |
| | Basic intervention price | 89.25 | 357.00 | 440.63 | 55 761.25 | 323.00 | 4 462.50 | (a) | " |
| <u>Rice</u> | Target price | 180.00 | 720.00 | 899.00 | 118 675.00 | 660.50 | 9 510.00 | (a) | 1/1/57-31/12/59 |
| <u>Vegetable oils</u> | | | | | | | | | |
| Olive oil | Target price to producer | 1 155.00 | 4 620.00 | 5 702.30 | 721 875.00 | 4 161.10 | 57 750.00 | (a) | 1/11/57-31/12/59 |
| | Market target price | 625.00 | 3 220.00 | 3 974.33 | 503 125.00 | 2 914.10 | 40 250.00 | (a) | " |
| | Intervention price | 730.00 | 2 920.00 | 3 604.05 | 456 250.00 | 2 642.60 | 36 500.00 | (a) | " |
| <u>Oilseeds</u> | Target price | 202.50 | 810.00 | 999.75 | 126 562.50 | 733.05 | 10 125.00 | (a) | 1/1/57-31/12/59 |
| | Basic intervention price | 196.50 | 786.00 | 970.13 | 122 612.50 | 711.33 | 9 825.00 | (a) | " |

| Product | Type of price | Proposed price (u.a./t) | Equivalent in national currencies (Official exchange rates) | | | | Bfrs. or Lfrs. | £ change ¹ | Period of application |
|--------------------------------|----------------------------------|----------------------------|--|----------------------|--------------------------|----------------------|------------------------|--------------------------|--|
| | | | DM/t | FF/t | Lit./t | Fl./t | | | |
| <u>Sugar</u> ^b | | | | | | | | | |
| Sugar beet | Minimum price | 17.00 | 66.00 | 63.93 | 10 625.00 | 61.54 | 850.00 | (a) | 1/7/56- 30/6/69 |
| Sugar | Target price (refined sugar) | 223.50 | 894.00 | 1 103.43 | 139 687.50 | 809.07 | 11 175.00 | (a) | " |
| | Intervention price | 212.30 | 849.20 | 1 046.14 | 132 667.50 | 766.53 | 10 615.00 | (a) | " |
| <u>Cattle</u> ^c | | | | | | | | | |
| Grown animals (on the hoof) | Guide price | 672.50 700.00 | 2 590.00 2 800.00 | 3 320.17 3 455.94 | 420 312.50 437 500.00 | 2 434.45 2 534.00 | 33 675.00 35 000.00 | • 1.5 • 4.1 (c) | 1/4/56- 31/3/69 1/4/69- 31/3/70 |
| <u>Calves</u> (on the hoof) | Guide price | 907.90 945.00 | 3 631.60 3 760.00 | 4 422.36 4 665.52 | 567 437.50 500 625.00 | 3 286.60 3 420.90 | 45 395.00 47 270.00 | • 1.4 • 4.1 (d) | 1/4/68- 31/3/69 1/4/69- 31/3/70 |
| Pigmeat | Basic price for slaughtered pigs | 735.00 | 2 940.00 | 3 628.74 | 459 375.00 | 2 660.70 | 36 750.00 | (a) | 1/11/67- 31/10/68 |

1. Change on previous common price.
- a. Price unchanged.
- b. Revision of prices fixed in July 1966.
- c. Revision of prices for 1966/69 fixed in July 1966; prices for 1969/70.
- d. Change on prices proposed for 1968/69.

Foremost among the changes it desires is an increase not only in feed-grain prices - as proposed by the Commission - but also in bread-grain prices. Such a move would inevitably trigger off a general raising of the overall pattern of farm prices in the Community, however, given the interdependence of the ratios between the various products. The Commission's proposals, on the other hand, were essentially limited to rectifying any false or distorted ratios between prices, making provision only for feed-grain prices to be brought nearer to present prices for wheat other than durum.

The resolution adopted by the Parliament points out that :

- (1) Since production costs and wages have risen more steeply than productivity, the disparity between the incomes of those employed in agriculture and workers belonging to comparable occupational groups in other industries has not been reduced, the consequences of this state of affairs being particularly marked in those areas of the Community which are **structurally** backward.
- (2) Cereal prices for 1967/68 were fixed as early as 1964, and prices for 1968/69 should be increased in view of the rise in production costs and wages in the interval.

Pursuant to Article 149, second paragraph, of the Treaty, the Parliament requests the Commission to amend its proposal for a regulation on cereal prices for 1968/69 in the following manner :

| <u>Commission proposal</u> | <u>Parliament's suggested amendment</u> |
|--|---|
| (a) <u>Basic target price for wheat other than durum</u> | |
| 106.25 u.a./t | 112.00 u.a./t |
| <u>Basic target price for durum</u> | |
| 125.00 u.a./t | 132.00 u.a./t |
| <u>Guaranteed minimum price to producers of durum</u> | |
| 145.00 u.a./t | 152.00 u.a./t |
| (b) <u>Basic target price for barley and rye</u> | |
| 96.00 u.a./t | 100.80 u.a./t |
| <u>Basic target price for maize</u> | |
| 99.00 u.a./t | 104.16 u.a./t. |

In other words, the Parliament recommends the same proportionate increase in feed-grain prices as had been proposed by the Commission

but bases it on the increased price for wheat other than durum. A corresponding upward adjustment of the basic intervention prices is recommended too.

The Parliament requests the Commission to provide for a larger increase in the target price for husked rice for 1968/69, bringing it up to 195.00 u.a./t rather than 190.20 u.a./t.

It also asks for the increased guide price for beef and veal (700 u.a./t) to be applied from 1 April 1968 instead of 1 April 1969.

The prices for oilseeds, olive oil and sugar were the only ones which the European Parliament did not ask to have increased. But the Commission itself had not proposed changing the prices adopted by the Council for these commodities either.

The debate opened

The report from the Committee on Agriculture was presented by M. Joseph Dupont (Belgium, Christian Democrat). He drew the Parliament's attention to the fact that this debate and opinion afforded the only opportunity for parliamentary discussion of a matter which from now on would be wholly within the jurisdiction of the Community's institutions and over which the national parliaments would cease to have any control.

There had been thoroughgoing discussions with farmers and farmers' organizations before the resolution was drafted. M. Dupont asked the representative of the Commission, Vice-President S.L. Mansholt, whether the producer price for milk should not also be increased from 1 April 1968.

The Chairman of the Committee on Agriculture, M. Roland Boscardy-Monsservin (France, Liberal) spoke on the same lines and concentrated on interpreting the information given in the Commission's report.

M. Hans-August Lückner (Germany, Christian Democrat) said that it was pointless to debate the increase in all cereal prices now requested by the Parliament since the matter had already been decided.

On the other hand Dutch representatives, and Italians too, objected to feed-grain prices being constantly forced upwards, thus continually increasing production costs in the livestock-products industry.

Opposition from the Socialists

The representatives of the Socialist Parties in the member countries were the only group to oppose the draft resolution. On the initiative of their spokesman, M. Harri Bading (Germany), they moved an amendment which was short and to the point: "The European Parliament approves the Commission's price proposals".

.../...

M. Bading reminded the Parliament that the economic situation in almost all the six member countries was not very happy and that it would be contrary to the public interest for farm prices to be raised as suggested by the majority in the House. The increases proposed by the Commission were more than adequate.

He warned against placing an incalculable burden on the EAGGF, particularly by increasing the price for wheat other than durum. Each additional 100 kg of wheat produced would have to be either **bought** up by support agencies or exported with the help of refunds, since the Community's requirements were already covered. Moreover, the cost of subsidies for durum wheat would also rise.

The advantage of the Commission's proposal, on the other hand, was that by the simple expedient of raising the price for feed grains it would increase the income from levies and the revenue of the Guarantee Section of the Fund. In view of the strained financial position of the Member States, it was imperative to advise against allowing the costs of the Fund to increase further.

The Socialist amendment was rejected by a large majority.

Resolution to raise the basic price for slaughtered pigs

General surprise greeted the adoption of a resolution moved by a French member, M. Louis Briot, that the basic price for slaughtered pigs for the period from 1 November 1967 to 31 July 1968 be increased to 76.50 u.a./100 kg.

This proposal had not been accepted in the Committee on Agriculture itself, but when put to a vote in plenary session it was carried by a narrow majority. There had long been agitation from French quarters to have the price for slaughtered pigs in the Community increased, and some Italian and Belgian members associated themselves with the French motion.

M. Hans Richartz (Germany, Christian Democrat), speaking for the Committee on Agriculture, opposed the adoption of the resolution and advocated that the price for slaughtered pigs be increased at a later date. The basic price for slaughtered pigs is a decisive factor determining the introduction of support measures on EEC meat markets.

The Commission's reply

M. Sicco L. Mansholt, Vice-President, replied to the debate on behalf of the Commission.

He emphasized that this important debate would become a regular affair, having to be held before 1 August each year now that the Council had decided that prices for the major agricultural products would be fixed prior to this date each year and that the European Parliament would be consulted beforehand. The Parliament had now had its say, and the Council would shortly take its decision.

Vice-President Mansholt gave to understand that the Commission did not seem inclined to accede to the Parliament's requests.

Indeed the Commission itself had long debated whether a general raising of agricultural prices would not be desirable in view of the enormous increase in agricultural costs demonstrated in the Commission's report.

The Commission, however, had come to the conclusion that everything could not be achieved at once. The first common prices had only come into effect on 1 July of this year, and the following series would be introduced little by little up to 1 July 1968. It was essential first of all to gain experience of these common prices and their effects, before a far-reaching step of this kind could be taken. The Parliament had decided, for all practical purposes, to increase farm prices generally by 5%, concurring with the Committee of Agricultural Organizations in the EEC. Furthermore, a majority of the members had declared themselves in favour of adjusting the ratios between prices within these increased levels.

In France, M. Mansholt continued, prices for wheat other than durum had gone up by 4.5% in each of the last two consecutive years, making 9% in all. This, he said, was reason enough to abstain from introducing yet another increase in wheat prices: it would be better to wait and see what happened.

The Commission was striving to restore the true and accepted ratios between cereal prices by increasing maize prices considerably and by raising barley prices also. In the Commission's view, this was a better solution than the one put forward in M. Dupont's report.

M. Mansholt **strenuously** opposed the raising of the basic price for slaughtered pigs to DM 300 per 100 kg. Intervention prices for pigs must be optional; they could never be binding in character. The interests of pig farmers would certainly not be served by such an increase, because production would be channelled in the wrong direction and this would be sure to result in market prices collapsing. A basic price of DM 294 per 100 kg for slaughtered pigs and a maximum purchase price of DM 270 gave the correct price ratio.

The Commission felt that it would be undesirable to decide on a higher pig price at this juncture. The Parliament was asking too much; the price that had been suggested was not practicable.

As for bringing forward the date for raising the guide price for cattle to the final price of 700 u.a./t, M. Mansholt was in favour of this being done in two stages, spread over two years, as had been proposed by the Commission. The recession had not encouraged meat consumption in Community countries, and for this reason the Parliament's proposal to raise the price in a single step was ill-advised. Two years would be sufficient, too, to guide beef marketing into the right channels. M. Mansholt devoted the closing part of his speech to the critical farm-income situation in the Community. He agreed with what had been said by other speakers. It was also clear that this was not merely a question of better prices. The question

was how agriculture in the six countries could be adapted to modern developments. It was essential to work out a comprehensive agricultural policy for the Community as well as price measures, and the Commission would tackle this in association with the Member States.

Decision from the Ministers of Agriculture on 25-26 September

On 24 and 25 July 1967 the Ministers of Agriculture of the six member countries decided to pronounce on the Commission's agricultural price proposals at their next meeting on 25 and 26 September.

As the current President of the Council, the German Minister of Agriculture, M. Höcherl, said, the discussion of farm prices had already caused a great deal of interest among the general public.

As there was so much business on 24 and 25 July - with the final adoption of the market organization for rice - the Ministers had unfortunately not been able to resume discussion and decide on the new prices before 1 August.

This did, however, it was pointed out, have the advantage that discussion of these prices could be particularly well-prepared. The Special Committee for Agriculture, which does the preparatory work for meetings of Ministers of Agriculture, had been instructed to ascertain the views of the six Governments so as to clarify the issues for the Council. This preliminary discussion will probably take place on 18 and 19 September.

The Ministers of Agriculture pleaded for a well-prepared, well-directed and politically appropriate discussion of the matter.

With the opinion of the European Parliament and the many statements emanating from farming and other interested quarters, initial positions have now been taken up. It is now up to the responsible Ministers to adopt the necessary decisions.

- - - - -