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SHORT AND MEDIUM TERM OUTLOOK
IN THE MAIN AGRICULTURAL MARKETS

Updating of the "1974 Report on the state of agriculture in the European Community"

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Readers should note that the first part (Synthesis) of the "1974 Report on the state of agriculture in the European Community" has been published, in a complete text, in the "Newsletter on the Common Agricultural Policy" No 1 - January 1975.

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

the updating of the short and short to medium term outlook
for agricultural markets published in "The State of
Agriculture in the Community, 1974 Report".

(Part I paragraph 15)

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I. INTRODUCTION

For the first time, the Commission published forecasts for the various agricultural markets for the coming 12 -- 24 months in its 1974 Report on the state of agriculture in the Community. At that time, the Commission stated its intention to bring these forecasts up to date in about six months and to publish the new estimates as a supplement to the 1974 report. This communication contains the up-dated short and short to medium-term forecasts.

Before presenting this communication to the Council, the Commission carried out preparatory meetings, both with the Director Generals of the national Ministries of Agriculture, and with a number of outside experts, specialists in agricultural forecasts and projections. In these meetings, attention was focussed particularly on the following four sectors: meat, dairy products, cereals and proteins.

Finally, the Commission compared the results of the study it had had made on " projections of the production and consumption of agricultural products in 1977 ", interpolated for the final years, with the actual results of the marketing years in question. Taking account of disparities noted, the Commission calculated new estimates for 1976 and 1977, which appear in this communication.

II. SUMMARY OF GENERAL ECONOMIC FORECASTS

As indicated in its latest quarterly report on the economic situation in the Community, the Commission considers it to be difficult at the moment to evaluate with any great precision the economic outlook for the rest of this year. The ending of the rundown of stocks, and especially the measures which have been introduced to revive the economic situation, are basic conditions allowing the hope that a gradual recovery of economic activity in the Community. However, it is not yet known when and to what extent consumers and investors will abandon their present cautious approach. Whilst the contribution expected from the recovery of exports will be fairly limited at least until towards the end of the year. In these circumstances, real gross domestic product of the of the Community in 1975 as a whole is no longer forecast to be as high as the previous year's level. It should in addition be emphasized that lasting steady growth and a gradual reduction of unemployment can only be obtained if there is an appreciable slowing in the rise in prices in those countries where it remains excessive.

Although inflationary trends are easing in some Member States, the rise in prices and costs will scarcely slow down in annual average terms in the Community as a whole; not until towards the end of the year is the rise in consumer prices likely to be brought down to a rate of around 10%.

There are some indications that the sharpest phase of the downswing in world economic activity is now over. A recovery in activity is expected in the latter part of this year in the major countries, which should gather strength during 1976 and be experienced more generally by the smaller countries. However, for 1975 as a whole there could be a substantial drop of about 2% in the real gross national product of the developed economies outside the Community, compared with a fall of 1 1/2% in 1974. Unemployment is likely to continue to rise throughout the rest of this year and into 1976 given the considerable margins of spare capacity now existing

III. SHORT AND MEDIUM TO SHORT-TERM OUTLOOK, SECTOR BY SECTOR

Meat Sector

A. Beef and Veal

According to the statistical survey carried out in December 1974, the Community cattle population had risen by 0.5 % over the December 1973 level. The number of calves, on the other hand, was lower by 1.3 % and the number of cows by 0.8 %. In 1975, as a result of a slight increase in the slaughtering ratio and a decline in average weight at slaughter, especially of adult bovines, an increase of about 2 in beef and veal production is expected ; the total could amount to about 6.650 million metric tons. As regards beef and veal consumption, it will be affected in 1975 by several factors. Retail prices of beef and veal will be higher than in 1974 as a result of increased production costs ; however, this latter increase will not be fully passed on to consumers since trade margins in this sector will be relatively lower than in 1974. Concurrently, reduced supplies of pigmeat during the second half of 1975 should lead to an appreciable rise in prices for this product. Consequently, beef and veal consumption should rise by about 3 - 4 % in 1975, i.e., at a lower rate than in 1974. This increase in beef and veal consumption will be covered by a moderate increase in production, drawings from stocks and a slight import surplus.

Although beef and veal production potential is still very substantial ; a slight tendency for breeding herds to decline has already been noted ; in 1976, therefore, it may be expected that production will rise to a lesser extent, perhaps by about 1 - 2 %. If in the future this tendency towards pessimism on the part of producers were to continue, or even strengthen, it might be expected that the Community would once more move into deficit towards the end of the seventies - though no doubt to a lesser extent than in 1972/73.

Forecasts for the world market situation do not seem favourable to producers at present. In North America, herds expanded appreciably,

by about 6 % ; although the number of cattle selected for fattening was substantially lower in January 1975 than in the same month of 1974, it is expected that slaughterings will increase by about 3.5 % in 1975. In Argentina, and to a still greater extent in Australia, an even more substantial increase in the slaughtering rate, in beef and veal production and in the already large quantities available for export are expected. It is probable, therefore, that in 1975 - and perhaps also in 1976 - world beef and veal production will continue to rise in view of the very substantial herds maintained in all the major production and consumption areas.

B. Pigmeat

Production of pigmeat in 1975 is forecast at 8.2 million tons, a decrease of about 3 % by comparison with 1974. However, in value terms, demand may be expected to increase. The logical consequence of such a situation is a significant increase in prices for the whole year. From a strictly quantitative point of view, pigmeat consumption will remain static, whilst the degree of self sufficiency in the Community as a whole could decrease.

In the USA, forecasts indicate a decrease in pigmeat production in 1975, of the order of 15-17 % by comparison with 1974. Such a reduction in supply will lead to a significant price increase for pigmeat in this country. As far as Eastern Europe is concerned, pigmeat production in 1975 will increase slightly over the 1974 level, itself an increase of about 10 % by comparison with 1973.

The short term situation of an increase in pigmeat prices and of a reduction in the price of feed cereals on the world market, makes for favourable conditions for pigmeat production. As a result, an increase in the breeding herd may be expected ; the figures for April 1975 indicated a considerable decrease in the Community as a whole compared with the previous period. The following summary may therefore be put forward : production of pigmeat will continue to decline until the end of spring 1976, but with a significant improvement in the autumn of that year. Taken as a whole, production of pigmeat in the Community in 1976 will be very close to the level of 1975.

C. Eggs and poultry

Eggs : The réduction in output which had been forecast for 1975, only came about in the second quarter of the year. As a result, prices will tend to improve, although it is unlikely that this will represent a satisfactory return. The delay in re-establishing a more satisfactory price level is partly the result of the limited possibility of exports to third countries.

At the beginning of 1976, a better market balance may be expected. Taking account of seasonal production and demand effects, this development could lead to a relatively high level of prices in the second quarter of 1976.

Poultry

The low prices of 1974 and early 1975 discouraged production, and led to a fairly marked reduction in placings to hatcheries in most Member states. At present, prices are improving, and this improvement should continue until the end of 1975. Such a trend is made more likely by the reduction of stock levels of other meats.

The structure of poultry meat production makes it possible to react rapidly to changed market conditions. In the absence of any overall planning amongst professional organizations, it is not to be excluded that the improved market situation could lead to increased production, which could lead to an unsatisfactory situation as far as price levels in 1976 are concerned.

Milk Sector

The unfavourable weather conditions prevailing in certain regions of the Community, together with rises in production costs, especially of concentrated feeding-stuffs, have had the effect of stabilizing overall milk production in the Community in 1974. These factors, linked to a temporary rise in farm butter production, have resulted in a relatively slight increase in milk deliveries -- amounting to 1 % overall in the nine Member states. Since the size of herds is unlikely to change significantly whilst weather conditions may improve, some increase in milk production and deliveries (1 - 2 and

2 - 3 % respectively) maybe expected for the 1975/76 marketing year. The growing difficulties encountered on international cheese markets may result in a gradual slowdown in the rise in cheese production, which will tend to align itself on the rate of increase in cheese consumption in the EEC (45 - 50.000 metric tons per annum) ; this will have the effect of leaving an increased quantity of milk available for the manufacture of products subject to the intervention system.

Butter consumption will probably decline by 3 - 5 % in the Community as a whole, the sharpest declines probably occurring in the UK, Germany and France. Cheese consumption will continue to expand, but at a slower pace (1.5 - 2 %). Consumption of milk and milk products which, in the past, has risen slightly faster than the rate of population growth, will decline in 1975 as a result of lower consumption in Germany and France. On the assumption that for the other products trends will be little changed, an increase in production of butter and skimmed milk powder may be expected and is likely to persist (about 2 - 3 % and 5 - 6 % respectively. As a result, intervention stocks are likely to rise by about 100.000 tons for butter and 200.000 tons for skimmed milk powder.

As regards world market trends, it should be noted that the continuance of normal weather conditions in New Zealand will result in an appreciable increase in milk production. At the same time, deliveries are likely to be stable in the other major producer countries (United States, Canada and Australia).

The persistent decline in the consumption of milk and skimmed milk powder in the US, together with existing overall surpluses on world markets, will probably result in some uncertainty as regards prices and reluctance on the part of purchasers, which will accentuate the difficulties faced by exporters of milk products. Broadly speaking, supplies of butter and cheese on world markets will exceed demand by about 20.000 and 50.000 metric tons respectively. As regards skimmed milk powder, surpluses are estimated at about 300 - 350.000 tons.

As regards the 1976/77 marketing year, it should be noted that even if the rate of expansion of production and deliveries of milk were lower, it is probable that a degree of stagnation in Community consumption (in milk equivalents) together with the long-term difficulties being experienced on world markets - especially as regards skimmed milk powder - will result in a persistent increase in EEC intervention stocks.

Cereals

The world outlook for cereals production and markets has changed spectacularly since the last forecasts were made. Demand for imported cereals has fallen off sharply, resulting in lower prices; this will probably bring carry-over stocks in the principal exporting countries to a higher level than expected. In the EEC, 4 million tons of soft wheat will be stored in the form of intervention stocks or other stocks qualifying for Community aid (intervention B), not counting the quantities in private hands. Barley continues to be in abundant supply in the Community and, in view of the relatively weak export demand, stocks will probably reach a high level. However, the 1975 harvest results will be affected by the rainy weather in spring and autumn, and a decline in production of soft wheat of 1 - 2 million tons is expected; this decline may be accompanied by a supply of good-quality spring wheat more abundant than normal, but it is also likely that a substantial part of the winter wheat harvest will be made up of varieties normally used for animal feed (Maris Huntsman, etc). Barley production is likely to be about the same as in the preceding year, but the maize crop may prove to be substantially bigger in view of the favourable growth conditions.

Demand for feed grains may decline slightly, as a result of the more competitive prices for soya in the Community; cereal exports, furthermore, will have to meet strong competition from North American production. Assuming, therefore, that demand for cereals for direct human consumption will be stable - or at the most increase slightly - pressure on internal market prices will probably continue in the coming marketing year, especially in the case of feed grains.

In the United States, a record wheat crop is expected for 1975; in addition, substantial harvests are also expected in Canada and the USSR, but in view of the fact that in these cases harvest-time is further off, the outcome is less certain. As regards the importing countries, India may achieve better harvest results, which would reduce its import needs, whilst African import requirements may increase. Import needs of the countries of Eastern Europe could be met by the USSR, which - if it achieves its objective of producing a total of 215 million metric tons of cereals - may even have surpluses available for export to other countries. Wheat stocks in the United States are expected to rise from 7.8 million to about 13 million metric tons between now and

the end of June 1976. In the southern hemisphere however, a reduced export availability is expected from countries such as Australia and the Argentina.

World production of coarse grain in 1975/76 will depend to a great extent on the maize harvest in United States, where the area of land under this crop is not yet known with certainty; the results will in any case be determined by weather conditions in the summer and autumn. However, the latest estimates by the USDA point to a total crop of between 146 and 163 million tons, against 118 million tons in 1974. Consequently, total world production of coarse grains could exceed 600 million tons (against 560 million in 1974/75), the greater part of this increase being due solely to the increase in the American maize crop. Demand for feed grains will also depend to a great extent on the situation in the United States, where an improvement in beef prices and/or a decline in cereal prices could quickly trigger off an intensive fattening programme involving substantial numbers of cattle. Certain signs already suggest that the use of cereals for animal feed is expanding more rapidly than expected, although it appears that wheat rather than coarse grains are being used for this purpose. In Japan, which -- apart from Europe, constitutes the other major market, the recession in the stock-breeding sector seems to have been more serious, since stocks held by the animal feed industry are still very high, although some recovery in the demand for imports of feed grains cannot be excluded for 1975/76.

The durum wheat crop in Italy in 1975 is likely to be average, whilst in France the area under this crop has risen. In the principal exporting countries, i.e., the United States, and Canada crop forecasts are good, but, given that production is concentrated in a very small number of regions, the danger that supplies for world exports will be compromised by bad weather conditions is greater than in the case of soft wheat. Import demand for durum wheat should be well maintained, especially in North Africa, where crops have been damaged by draught; however, serious shorttages in this sector seem unlikely, unless a disaster occurs in one of the principal production areas or unforeseen demand arises from the state-trading countries.

As regards the marketing years subsequent to 1975/76, few indications can be given since production will depend justly on the reactions of the responsible authorities and the producers to the price declines expected during the coming year, and secondly on weather conditions in 1976. Demand for wheat

will continue to rise as a result of population increases and also, perhaps, as a result of the income redistribution brought about by the rise in petroleum prices. Demand for feed grains may also rise as a result of the current low levels of cereal prices and will certainly strengthen if world economic activity becomes brisker. Persistent strong demand will therefore probably continue to expose world markets to the danger of sharp price fluctuations, unless 1975 crops are large enough to enable essential stocks to be replenished.

Following the shortages of 1973/74, the rice producing countries have tended to increase their acreages under cultivation. In addition, yields have increased from year to year, and as a result, given normal weather conditions, the world harvest for 1975/76 will at the least be equal to the very good harvest of 1974/75. World rice stocks, which were practically non-existent in 1973, have been reconstituted, and significant quantities of low quality rice are available for export in the main exporting countries (USA, Thailand, China, South America). Demand for rice remains strong, although the countries with the greatest needs have generally the weakest economies, and often replace rice by other lower priced cereals (wheat, sorghum). The price of rice on the world market, which was very high in 1973/74, has since then continuously declined, and is likely to continue this downwards trend through 1975/76.

In 1975/76, Community production, on an reduced acreage, but with increased yields, will be very nearly the same as in 1974/75 (1.58 in tons of paddy), given reasonable weather conditions. The level of production carries the risk of a surplus of 200.000 - 300.000 tons of rice (husked) which would prove difficult to dispose of on third country markets.

Protein feedstuffs

As in past years the situation on the world protein market in 1975 will be dominated by soya production in the United States. In fact, in recent years American soya production has been a determining factor in world protein markets. However, in recent months the price trends of protein substances have been determined rather by factors relating to demand. Despite the appreciable decline in the United States soya crop in 1974, the level of world demand for oil cake was not high enough to reverse the downward trend in prices which has been in evidence since November 1974.

The declining profitability of meat production noted during 1974 brought about a reduction in the size of herds maintained for fattening throughout the world and particularly in the United States. The slower rise in demand for proteins which resulted has led to the constitution of stocks -- especially of soya -- which may reasonably be expected to overhang the market at least until the end of 1975, when the new soya crop from the United States will become available.

Finally, the substantial soya harvest (between 8.5 and 9 million metric tons) forecast for Brazil in 1975, together with substantial fish catches in Peru in March 1975, are both factors also tending to make for lower prices.

It should be noted, however, that in the Community, protein consumption and import requirements in 1975 have scarcely changed in relation to 1974, due to the fact that prices -- especially of soya oil cake -- are at favourable levels compared with cereals.

As regards world demand for proteins, it may be expected that after stagnating in 1974/75, a recovery will occur in 1975/76. In the United States especially, an increase in the demand for proteins is to be expected 1975/76. As regards the supply side, it is likely that the 1975/76 season will begin with substantially higher carry-over stocks of soya oil cake than in the two preceding years. In addition, the latest forecasts by the USDA, issued on 11 June 1975, point to a substantial rise in soya bean production in the United States in 1975/76, the crop being estimated at between 39.6 and 42.2 million metric tons, against 33.6 million tons in the previous year.

As a result, the USDA expects that soya bean stocks in the United States will have more than doubled by the end of 1975/76 in relation to the previous year's level (12.5 million tons against 5 million previously).

Forecasts for some recovery in general economic activity from the end of 1975 onwards, together with an improvement in the profitability of livestock farming in the second half of 1975 - especially in the pig-breeding sector - imply, for the Community, that the demand for proteins should be expected to rise during the 1975/76 season. This increase in demand will probably be amplified by the fact that in the Community, protein prices -- especially soya oil cake prices - will be at favourable levels in comparison with cereal prices.

Prices on the dehydrated fodder market followed, to some extent, the fall in the price of soya during the 1974/75 marketing year. In view of the Council decisions on pricing policy, no extension of the area under fodder for dehydration can be expected in 1975/76.

The inclusion of potatoes used as animal feed in the regulations concerning dehydrated fodder will have little effect on the above-mentioned trends, since these crops are restricted to particular regions.

Sugar

On the basis of forecasts relating to the 1975 sugar beet acreage in Europe and the favourable trends in sugar production in many producer countries, it may be assumed that world sugar production will be considerably higher in 1975/76 than in the preceding year.

World sugar consumption, which for some time has been restrained by high price levels or even shortages, will probably increase once more in 1975/76, in relation to the considerably reduced consumption level of 1974/75.

However, production will probably increase faster than consumption. Thus, world stocks, which are now extremely low, could rise to a normal level. This probable development would indicate that world prices for sugar will continue to follow a downward trend in coming months.

The total sugar production forecast for the Community in 1975/76 and preferential imports of sugar from the ACP countries will in all probability exceed Community consumption.

In the years ahead the acreage under sugar beet (in 1975, about 15 % greater than last year) will depend on the relative level of sugar beet prices, which will in turn be influenced by the economic situation in this sector. In view of a possibly slower rate of increase in output per ha (fertilizer), the probable changes in acreage and a new upswing in human consumption, the Community sugar surplus will tend to stabilize over the next few years.

Oil seeds and olive oil

The data available so far would suggest that colza production will not exceed 1 070 000 metric tons in 1975/76 despite a further increase in the production in the United Kingdom and Denmark, where colza growing has not yet reached a balanced level. The fall in output, both in relative and absolute terms, expected in 1975/76 has been caused by a considerable fall in production in the two countries where most colza is grown, France (- 14 %) and Germany (- 20 %). This decline in French and German production is partly due to the weather conditions obtaining when the crops were sown in autumn 1974 and early 1975.

As regards the 1975/77 crop year, output trends will be influenced by the yields from the new varieties of colza with a low erucic acid content, which will have largely replaced the traditional varieties, and by the area under colza, which will in turn depend on the price relationship established between colza and the products alternating with colza in crop rotation.

Consumption is expected to pick up as increasing supplies of colza oil with a low erucic acid content become available.

Enquiries made among Community soya producers indicate that they intend to sow soya on the same acreage as in 1974/75, so that an output of approximately 8 000 metric tons may be hoped for in 1975/76.

Although the area under cottonseed rose from 3 200 ha in 1973 to about 5 000 ha in 1974, a substantial expansion in cottonseed growing cannot be expected over the next few years.

A slight fall in fibre flax production, a sharp increase in seed flax production and a steady advance in the growing of hemp for paper-making may be expected in 1975/76.

Wine sector

The situation on the world wine market will be marked by a continued increase in world wine production, as output continues to rise, particularly in regions where output is currently very small.

There has recently been a distinct rise in yields and some improvement of vineyards in the Community, resulting in a remarkable increase in production during past five years. For this reason, the Community now has a wine surplus, which may be expected to grow over the next few years.

The current surplus has led to substantial distillation operations. In view of this situation, some adjustment to the policy on wine was necessary in order to stabilise production and consumption in the Community. For more detailed information, reference should be made to the Commission document "Report from the Commission to the Council on the estimated development of the areas planted and replanted with vines in the Community, and on the existing ratio between production and utilization in the vine growing sector".

Tobacco

The future situation on the world raw tobacco market will be influenced by:

- (a) the trend towards increased production;
- (b) the relocation of production in the developing countries and countries with a planned economy;
- (c) the marketing of cellulose-based "synthetic tobacco".

The above-mentioned increase in production should not have a negative effect on marketing in view of the fact that the major exporting countries will have to replenish their stocks, which have been greatly depleted over the past two years.

On the other hand, the appearance of synthetic tobacco in a period of anti-smoking campaigns could, in the long term and given competitive production costs, have a restraining effect on production and, consequently, consumption of natural tobacco.

In 1974 world production amounted to about 5 million metric tons, compared with 140.000 metric tons in the EEC. On present trends, an annual increase of about 4 % at world level and about 2 % at Community level may be expected over the next two years.

Hops

In 1976, given a reduction of 2 - 3 % in world and Community acreage and an average yield, supply and demand at world and Community levels may be expected to achieve an approximate balance by comparison with the present surplus situation. Prices are not expected to increase, however, because of the high level of brewers' and traders' stocks, which may rise still further in view of the surplus forecast for 1975.

Although world beer consumption is increasing slightly (about 3 % per year), the proportion of hops used in brewing continues to decrease at about 2 % per year. As a result, demand for hops is nearly stable.

Seed

Some reduction in output may be expected for the 1975 harvest; the 1975/1976 marketing year may, therefore, be characterized by a reduction in available stocks and a probable increase in market prices.

The same tendency may be expected for 1976/1977, that is, some reluctance to expand seed production and a stabilization of output and prices.

An increase in the demand for seed, particularly the seed of certain varieties of leguminous plants, and a stabilization of the demand for grass seeds may be forecast.

Potatoes

The good harvest in 1974 (+ 41 million t) caused prices of potatoes for storage in 1974/1975 to rank among the lowest recorded in recent years in the EEC. Even harvests of new potatoes have been abundant everywhere in early 1975; as a result, normal prices may be expected for such potatoes over the next few weeks.

For these reasons, it is probable that the area under potatoes for storage will be smaller in 1975 than last year (1 448 000 ha). If yields are normal, reduced stocks are forecast for 1975/76 in the EEC and prices will reach higher levels than in 1974/1975.

If this forecast for 1975/1976 proves accurate, the opposite trend should be expected for 1976/1977.

Given the general economic situation, the consumption of fresh potatoes could be stabilized at its present level by the following marketing year. Increased consumption is, however, forecast for frozen and dehydrated potatoes.

Fruit and Vegetables

The 1974/1975 harvests of apples and pears were down on preceding years: 5 722 000 t of apples and 2 389 000 t of pears.

As regards the 1975 harvest of stone fruit, the spring weather in France caused very extensive damage to peach trees and considerable damage to plum trees; however the damage to apricot and cherry trees was limited. The result will be a fall in French production of about 65% in the case of peaches and 50% in the case of plums.

As regards citrus fruits, Italian production forecasts for 1975 are of 2.050,000 tons of oranges and mandarines and of 820,000 of lemons. This is equivalent to an annual growth rate of 2,9% and 1,0% respectively from 1970/71.

IV. Projection of production and consumption of agricultural products for "1977".

Within the framework of the study programme of the Directorate-General for Agriculture, projections have been made of the production and consumption of agricultural products in "1977". A comprehensive report on this work was compiled by the Commission and published as no 129 of the series "Internal Information on Agriculture".

The Commission deemed it appropriate, on the occasion of this communication to the Council, to examine the results of this study in the light of developments on the various markets in recent years. The Commission was forced to conclude that for certain products the projections had been made on the basis of assumptions which have since proved false, as a result of major changes, not least in the Common Agricultural Policy. This is, for example, the case in the sugar sector, where the production policy of the common market organization was recently modified. In the case of other products, the Commission attempted to compare actual production and consumption in recent years with the results of the projections, interpolated en bloc for the years in question. This exercise brought to the Commission's notice a few differences between reality and the said projections; these differences were both positive and negative and could almost be described as structural in nature. For these reasons, it would seem appropriate to make certain adjustments to the projections for "1977". The possible adjustments for certain agricultural sectors are set forth in the text below.

In the case of wheat, actual production was, on average, higher than had been projected. Although developments in this sector over the next few years will mainly depend on fodder wheat production, the volume of which cannot easily be forecast, the estimate for "1977", about 43.7 million metric tons (total wheat), now seems on the low side. However, domestic use would also seem to have been underestimated, so that, given an output of about 45 million metric tons, the total wheat surplus in "1977" can be kept at 1.5 million metric tons approximately, the figure given by the projection. Subject to the remarks made above concerning possible trends in fodder wheat, the projections made for barley production and consumption may be retained unaltered at 35 million metric tons approximately.

No major changes are necessary at present to the maize production and consumption forecasts. In the light of the foregoing, the self sufficiency rate for all cereals may be estimated at 93% for 1977, rather than the 91.4 % quoted in the above mentioned studies.

As already pointed out, modifications to the common sugar policy have upset the sugar estimates calculated for "1977". Such estimates must now be based on the following figures:

- (a) a sugarbeet acreage of 1.7 to 1.8 million ha approximately at average yields
- (b) imports from the ACP countries;
- (c) a human consumption of about 10.5 million metric tons. Given these circumstances, a total quantity of about 1.5 million metric tons should be (re-) exported to non-member countries.

In the projections for "1977", both production and consumption of milk were overestimated. The over-estimate of consumption was, however, much more serious than that of production, so that the structural imbalance in this sector continues to worsen. This being the case, it would be inappropriate to give the precise estimates, since, unless unforeseen developments take place, important policy measures will be necessary in this sector before "1977".

At the moment, there is no need to alter the "1977" projection for the consumption of beef and veal (about 7.1 million metric tons). Production has, however, been underestimated, particularly for recent years. New estimates for "1977" would tend to indicate a self-sufficiency rate of 94 - 95%. Pigmeat production, on the other hand, would seem to have been overestimated, while the estimate of consumption (about 7.6 million metric tons, excluding fats) does not seem too wide of the mark, so that a self-sufficiency rate of about 100% may be expected in this sector.

The same holds for the poultry meat sector, where production is very slightly greater than the consumption of 3.6 million tons.