Draft proposals for a common policy in the rice and the fats and oils sectors

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A. Present situation

I. Statement covering production and needs

PRODUCTION

1. In the European Economic Community there are at present only two rice-producing countries : Italy and France. Their joint output, in terms of milled rice, is roughly equal to the needs of the six Member States.

In Italy the cultivation of rice has been a traditional activity for several centuries. Area cultivated and production have varied widely. They reached their maximum level in 1953, with 176 000 hectares under rice and a production of 943 000 tons of paddy. In the last few years the market organization (Ente Nazionale Risi) has been obliged to take measures to reduce the area cultivated in order to avoid the building up of considerable stocks that would be difficult to market. The area under cultivation now seems to be stabilized at around 135 000 hectares, giving an average production of about 730 000 tons of paddy.

In France the cultivation of rice is much more recent. It was originally resorted to as a means of removing salt from the ground and it was only in 1942 that organized production began and developed gradually to the present level of about 30 000 hectares with an average crop of 135 000 tons of paddy. A certain amount of rice is also produced in Algeria. It may be estimated at 8 000 - 10 000 tons of paddy annually.

The overseas Départements of Guadeloupe, Martinique and Réunion do not produce any rice ; only Guiana produces a very small amout (500 tons), which is insufficient to cover its own requirements.
The trend of rice production in EEC is shown in Annex 1.

This Annex shows that the agricultural yields are more than 50 quintals per hectare in Italy, and over 40 in France, if no account is taken of the 1960 harvest, which was particularly poor because of bad weather conditions. These yields are among the highest in the world. Only Spain, with 58 quintals, has a higher production per hectare than that obtained by Italy. The yields of the exporting countries in the Far East (Burma, Thailand) are only about 15 to 20 quintals per hectare ; in the United States they vary from 34 to 37.

The varieties produced in France and Italy are comparable in quality to the best varieties on the world market today. French production is based more on round-grain varieties (common varieties), whilst in Italy the long-grain varieties (fine or semi-fine varieties) represent about half the production.

The total resources of the six countries, including Algeria, are at present around

875 000 tons of paddy which (after deducting approximately 60 000 tons of paddy retained for sowing) corresponds to about 560 000 tons of milled rice and broken rice. However, even without any change in the area under cultivation, this production could be increased somewhat by improving the yield per hectare, for which possibilities exist particularly in France.

NEEDS

2. The annual consumption of milled rice as human food in the six EEC countries is about 500 000 tons. If to this figure we add the requirements of agriculture for animal feed, and industrial requirements (starch-making, brewing), which are almost entirely covered by broken rice, the total requirement expressed in milled rice and broken rice comes to more than 600 000 tons. These figures do not include the requirements of Algeria and of the overseas Départements, which may be estimated at about 50 000 tons.

The balance of production and needs in the various Member States is shown at Annex 2.

Consumption in the several countries varies appreciably, from a minimum of 1.5 kg. per year in the Federal Republic of Germany, to 1.6 kg. in France, 1.7 kg. in B.L.E.U., 2.4 kg. in the Netherlands and a maximum of 6.3 kg. in Italy.

Consumption per head has remained stable in the six countries during recent years, and the slight increase in the total amount consumed is therefore due to the growth of population. The low level of consumption in certain countries nevertheless justifies the hope that a more active commercial policy, and publicity with emphasis on quality, might increase the use of rice as human food.

THE ASSOCIATED OVERSEAS STATES AND TERRITORIES

3. The associated Overseas States and Territories include only one large producing country, Madagascar, whose output is about 1 100 000 tons of paddy per annum. The other associated Overseas States and Territories produce only small amounts, for which accurate figures are not at present available. Their consumption is low and their annual imports of between 130 000 and 200 000 tons (in terms of milled rice) are drawn from Far Eastern markets. The exports of Madagascar amount to about 30 000 tons to 50 000 tons of rice (in terms of milled rice) per year, of which about 15 000 are sent to France. This is a quota of long-grain de luxe rice, in which France is deficient. There is little likelihood that the establishment of a common market in the Community will appreciably alter the existing pattern of trade, but it would be reasonable that imports of high quality rice from Madagascar might increase to some extent.

II. Common and divergent lines of supply, price and market policy

SUPPLY

4. Whereas the balance sheet of production and needs shows that the joint production of France and Italy is almost sufficient to meet the demand in the six countries, and that the deficit is mainly in broken rice, the supply policy followed in recent years by the Member States has resulted in only a very small amount of intra-Community trade (see Annex 3 for external trade).

The Federal Republic of Germany, which until recently drew most of its supplies from Italy, at present covers a great part of its needs by purchases of husked rice in non-member countries. The Benelux countries also obtain their principal imports from outside the Community. The suppliers vary according to year and price. But the most important are Thailand, Burma, Egypt and the United States. The qualities purchased are chiefly common varieties.

France, which was previously a considerable importer of rice, has become practically self-sufficient, at least from the point of view of volume, as regards rice for human consumption. It nevertheless imports limited quantities of long-grain rice and exports its surpluses of round rice. France also imports large quantities of broken rice, particularly for industrial purposes.

Italy at present exports its surpluses mainly to non-member countries. Finally, there is a moderate amount of re-export trade from the Benelux countries to certain non-member countries and also to member countries. Even allowing for the need to avoid disturbance of the pattern of trade, it would seem that some changes in the supply policy of the EEC countries might be considered.

PRICES

a) Producer prices

5. In the two producing countries the producer price is guaranteed. Whereas, however, the government in France fixes the price of all varieties of rice, in Italy it is only the price of round-grain varieties which is fixed. Those of the long and medium-grain varieties are agreed between producers and rice wholesalers, under the supervision of the Ente Nazionale Risi and in the light of availabilities and of the price level for round rice.

Official producer prices for rice in 1959/60 and 1960/61 were as follows:

Country	1959/1960	1960/1961
	round-grain rice	
Italy	Lire 6 000 = 40.20 DM	Lire 6 000 = 40.20 DM
France	NF 62.40 = 53.04 DM	NF 61.00 = 51.85 DM
	long-grain rice	
France	NF 82.20 = 69.87 DM	NF 82.20 = 69.87 DM

These prices are for 100 kg. of paddy of specific quality standards.

The prices actually received by producers correspond in Italy to the price guaranteed for round-grain rice and to those agreed for the varieties of long-grain rice. In France they correspond to the official prices less taxes and contributions to stabilization funds, which amounted in 1959/60 to 6.34 NF per quintal for round-grain rice. In 1960/61 the harvest was particularly bad, and the French Government considered it necessary to add to the official price for round-grain rice a "disaster bonus" of 6 NF per quintal and of 2 NF for long grain. In addition the contribution to the fund used to absorb surpluses was reduced below the figure adopted in the previous year.

Country	1959/1960	1960/1961
	round-grain rice	
Italy	Lire 6 000 = 40.20 DM	Lire 6 000 = 40.20 DM
France	NF 56.06 = 47.65 DM	NF 65.20 = 55.42 DM
	long-grain rice	
Italy	Lire 7 000 = 46.90 DM	Lire 8 000 = 53.60 DM(1)
France	NF 80.45 = 68.38 DM	NF 81.90 = 69.61 DM

(1) Provisional estimate.

These prices are for 100 kg of paddy of specific quality standards. Those for long-grain rice apply in France to all varieties and in Italy to the Rinaldo Bersani (R.B.) and Arborio varieties, on which the price of the other varieties is based.

Altrough the prices actually received by producers in Italy and France are appreciably higher than those received in most Asian countries, they are on the other hand fairly close to the prices guaranteed to United States rice producers, which in 1959 averaged $ 10.30 (DM 43.30) per quintal.

b) Disposal prices

6. With the exception of a special arrangement for long rice in Italy, paddy is disposed of to rice-mills in the two producing countries at a price fixed *ex officio*; this includes the price paid to producers plus a margin to cover the cost of storage, drying, financing, etc. A deduction is made to cover a portion of the losses arising from the export of surpluses at world prices.

In Italy, while the producer price for long-grain rice is not fixed *ex officio,* the margin due to the national market organization is fixed as for common rice and at a proportionate figure.

Country	1959/1960	1960/1961
	round-grain rice	
Italy	Lire 7 070 = 47.37 DM	Lire 7 070 = 47.37 DM
France	NF 69.30 = 58.90 DM	NF 75.10 = 63.83 DM
	long-grain rice	
Italy	Lire 8 070 = 54.07 DM	Lire 9 070 = 60.77 DM
France	NF 91.63 = 77.88 DM	NF 92.75 = 78.84 DM

The prices of long-grain rice apply to the varieties referred to in the figures on producer prices.

c) Import prices

7. When allowance is made for differences in the processing stage, the average import prices paid by the Federal Republic of Germany and the Benelux countries appear lower than the disposal prices applied in the two producer countries. However, the different characteristics of the rices marketed in these countries and those imported, as well as price fluctuations on the world market, make valid comparisons difficult. As a rough guide, however, it can be said that the difference between the cif prices paid by the importing countries for husked rice and those obtaining in Italy during recent years has been of the order of 20 % to 30 %.

The course followed by average import prices nevertheless makes it possible so follow world trends and, by studying the volume of purchases, to ascertain the effects of the low price policy applied to the export of rice by certain countries.

Since the Benelux external trade figures include under the same heading husked rice and imported milled rice, the import price of husked rice during the last three years has been taken for the Federal Republic of Germany only : for among the EEC countries which import rice, the Federal Republic alone gives in its statistics a breakdown showing how far the imports had been processed.

Average import price of husked rice, all varieties, cif North Sea port :

Year	DM-price per ton	Country of export	Quantity in tons
1958	412	Egyptian rice	29 538
	426	Burma rice	4 134
	455	China rice	4 397
	499	United States rice	12 538
	522	Italian rice	13 819
	628	Thailand rice	11 439
1959	431	China rice	6 451
	461	Burma rice	5 274
	463	United States rice	46 742
	506	Italian rice	31 673
	594	Thailand rice	6 662
	600	Surinam rice	9 310
1960	399	Spanish rice	6 521
	400	Egyptian rice	21 737
	423	China rice	7 850
	481	Italian rice	14 834
	483	United States rice	36 381
	558	Surinam rice	8 768

d) Consumer prices

8. In France the prices paid for rice at the various stages of marketing are fixed by the authorities. This arrangement does not apply to long rice, whose sales price to the mill or the wholesaler is free. In the other five countries prices are not controlled.

Consumer prices for rice in the ECC countries are as follows :

Country		Round grains				Long grains			
		Bulk		Packets		Bulk		Packets	
		National Currency	DM	National Currency	DM	National Currency	DM	National Currency	DM
Italy	Lire	141.—	0.94	152.—	1.02	188.—	1.26	207.—	1.39
Germany	DM	1.—	1.—	1.42	1.42	1.58	1.58	1.92	1.92
Netherlands	Hfl	0.86	0.96	—	—	1.26	1.39	1.29	1.42
B.L.E.U.	FB	9.20	0.77	13.37	1.12	16.96	1.42	21.42	1.80
France	NF	1.38	1.17	1.56	1.33	2.—	1.70	2.20	1.87

The prices mentioned above are for rices with similar quality characteristics and apply to the year 1959. They represent an average of the retail prices recorded in the following cities :

For Italy, the cities of Milan, Turin, Venice, Rome, Naples and Palermo ;

For Germany, the cities of Hamburg, Nuremberg, Frankfurt and Munich ;

For Holland, the cities of Amsterdam, The Hague and Utrecht ;

For Belgium, the cities of Brussels, Antwerp and Liège ;

For France, the prices shown are those which result from the application of the decree fixing prices.

Consumer prices are seen to be lowest in Italy, the main producing and exporting country, and highest in Germany and France.

MARKET ORGANIZATION

a) Italy

9. The organization of the Italian rice market is the responsibility of the Ente Nazionale Risi, set up by the decree of 2 October 1931. Under the authority of the Minister of Agriculture, this body regulates and controls the rice market at all stages. The Ente Nazionale Risi includes representatives of the producers, industrialists and traders. The producers must declare the volume of their crop and the fixed price is only guaranteed for a quantity which is settled in advance and varies with the area cultivated.

The Ente Nazionale Risi organizes the compulsory collection of the whole crop, arranges for it to be stocked and carries out all purchasing and disposal operations. Imports are subject to the rules of the compulsory collection. Exports are carried out by the trade under the supervision of the Istituto Commercio Estero or directly by the Ente Nazionale Risi.

The producer price for round-grain rice is fixed by the Government in the light of the cost of production and the market situation.

Paddy is sold to processing industries by the Ente Nazionale Risi either at a fixed price, in the case of round rice, or at a price to which a specific tax is added, in the case of long rice.

b) France

10. The organization of the French rice market is the responsibility of the Office National Interprofessionnel des Céréales (ONIC), whose present organization was fixed by decree of 30 September 1953 and which comes under the authority of the Ministry of Agriculture.

The ONIC includes representatives of the producers, traders, industrialists and consumers. Storage is done on a compulsory basis by the agricultural co-operatives and other approved bodies. The ONIC regulates and controls the marketing of production and holds a monopoly of imports and exports, which it exercices with the help of the trade.

Rice prices are fixed by the Government at all stages from production to retail sale.

c) Other countries

11. In the non-producing countries the import of rice is not subject to control and there are no restrictions of an administrative nature.

III. Summary

12. The statement of production and needs shows that the joint output of Italy and France can cover all the requirements of the six member countries for rice for human consumption and would almost suffice to satisfy total demand with the exception of industrial requirements for broken rice ; these seem to exceed supply possibilities by a fairly appreciable margin.

Despite this situation, trade in recent years has flowed in the direction of the non-member countries. Thus Italy, which formerly exported large quantities to the German Federal Republic, has been obliged to market its surpluses in countries outside EEC.

The consumption of rice per head remains practically stable in the Member States. However, it would seem possible to increase consumption by improving the quality of the rice marketed and the systems of distribution and publicity.

The existence of a market organization in the two producer states enables production to keep up with demand and to adapt itself to needs. Despite the difference existing between the disposal prices in the producing Member States, and the import prices in the other Member States, consumer prices do not vary greatly in the six countries.

B. Aims of a common organization for the rice market

INTRODUCTION

13. In conformity with the provisions of the Title of the Treaty of Rome which deals with agriculture, and more particularly of Articles 40 and 43, the general aim of a common organization of the rice market is :

a) To establish a market with the characteristics of a domestic market ;

b) To guide production in the light of market requirements ;

c) To ensure profitability of production ;

d) To stabilize the market ;

e) To support the legitimate interests of the processing industries, traders and the consumers.

In order that this aim may be achieved by 1 July 1968, it is essential that before this date the requisite economic and technical conditions should have been created and the institutional infrastructure needed to apply the basic principles of a common organization of the rice market installed.

COMMON MARKET STAGE

14. The results of the establishment of a market with the characteristics of a domestic market must be, first, that internal trade between the EEC countries shall develop freely and, secondly, that price levels at the different processing and marketing stages shall result from the operation of the law of supply and demand.

GUIDANCE FOR PRODUCTION

15. The present and foreseeable trends of production and consumption show that it is desirable to stabilize rice output at its present level. Moreover in view of the trend shown by demand, production should be guided towards those varieties which are most in favour with consumers.

PROFITABILITY OF PRODUCTION

16. The nature of the world market and the often artificial character of export prices asked for rice by certain producing countries preclude the possibility of linking the levels of producer prices in EEC with world prices. The methods of determining prices and those employed in applying them must tend to ensure a fair return to producers whose enterprises attain the normal level of productivity in predominantly rice-growing regions.

The economic and social importance of maintaining rice prices at a level that is profitable for the agricultural populations of the predominantly rice-producing areas is all the greater owing to the fact that production is concentrated in two geographically limited areas.

STABILIZATION OF THE MARKET

17. The application to the rice market of the agricultural Title of the Treaty must lead to a common organization which will help to ensure stabilization of the internal market in the Community, thus safeguarding the interests of producers and preserving the internal balance of the market against the fluctuations of the world market.

With the present pattern of trade in the Community, Italy is obliged to export to non-member countries almost all her surpluses, which represent about 20 % of her production, whilst the non-producing countries buy chiefly from outside the Community. While the various interests involved should be given their proper weight, a satisfactory balance between supply and demand will have to be maintained throughout the whole of the harvest year if the internal market is to be stabilized. In view of the low elasticity and even spread of demand, the marketing of the quantities produced can only be regularized if, alongside the normal activities of industry and trade, the market organization is also entitled to take action. By preserving the balance of the market, such action will make it easier for the price to be maintained, by and large, at a stable level and so will make speculation more difficult.

INTEREST OF THE TRADE, THE PROCESSING INDUSTRIES AND THE CONSUMER

18. One of the fundamental principles of the common organization of markets is that support should be given to the progressive establishment of a policy which will enable

the market to play its part in price formation and guidance for production. The measures to be taken must therefore, as a general rule, eliminate all obstacles which may impede satisfaction of the quantitative and qualitative needs of the processing industries and the consumer and also enable the trade to carry out its tasks unhampered, provided of course that the stability of the market is not jeopardized.

The general economic expansion and the raising of living standards which the development of the Common Market is designed to achieve must not be allowed to obscure the need to ensure that the prices paid by processing industries and consumers are on a reasonable level. Generally speaking differences have been noted in the margin between the price of rice at the production or import stage and the price to consumers. The common organization of the market and the free movement of commodities make it essential to take steps to rationalize processing and distribution.

C. Summary of the measures to be taken to achieve these aims

19. COMMON MARKET STAGE

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II. Measures to be taken at the common external frontier

Intervention in prices of imported and exported products

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I. Measures to be taken on the internal market

FIXING OF AN INTERVENTION PRICE

21. The rice market in the Community must be organized in such a way that the natural advantages resulting from the differences in market conditions are reflected in freely formed prices. The general level of prices will be established in the light of the different varieties and qualities offered.

However the salient features of the rice market are such that for the purpose of ensuring price stability and the judicious guidance of production the measures taken on the internal market must guarantee producers a minimum price level and continuity of current policy. In order to meet these requirements it is essential to provide :

a) That before the end of the preparatory stage the level for the guaranteed producer price in the Community (intervention price) shall be fixed for the first year's crop in the common market stage ;

b) That before the end of November each year a single intervention price shall be fixed for the following year's crop of round rice (paddy) and the standard of quality to which this price will apply shall be laid down ;

c) That the Council shall decide, in conformity with the procedure laid down in Article 43 of the Treaty, what criteria shall be employed in fixing the intervention price. This price is to be proposed annually by the Commission. It shall be deemed to have been adopted by the Council if within a specified time-limit the latter, acting by a qualified majority vote, does not fix it at a different level.

The criteria laid down for fixing the intervention must be such as to keep rice production in the Community within certain limits (see section 12).

Determination of the intervention price will be followed by the publication of a table of monthly intervention prices increasing the prices ruling at the beginning of the farming year by adding storage costs and interest for the monthly carry-forwards. During the last three months of the farming year no addition will be made to prices for storage costs and interest. The single intervention price will apply for all rice production at the paddy stage.

This is the price at which the national market organizations will make any purchases needed to restore the balance of the market. In addition, holders of locally grown paddy may at any time during the year sell it to the national market organizations at the intervention price.

The points at which the market organizations intervene will be chosen with due regard to the fact that production is limited to only two areas in the Community.

Rice stocks built up as a consequence of intervention measures will be exported through normal commercial channels, dealers being allowed to tender for the stocks.

OTHER MEASURES

22. In view of the situation on the rice market in the Community it will also be necessary to develop a system of loans on crops secured by the quantities stored at the farm or in approved establishments. The granting of such loans will in particular prevent small and medium-sized enterprises from being obliged to enter the market at the most unfavourable moment ; to draw up each year forecasts concerning in particular :

Availabilities and needs ;

The trend of prices.

II. Measures to be taken at the common external frontier

INTERVENTION IN PRICES OF IMPORTED AND EXPORTED PRODUCTS

23. In order to enable locally grown and imported rice to be disposed of on the Community market at stable and comparable prices, the measures planned for the internal market must be completed by others at the common external frontier. The main purpose of these will be to make price on the internal market sufficiently independent of any fluctuations in the world price and of the measures which distort it.

One solution is to use for this purpose a tariff protection obtained by applying a customs duty, but this does not provide the flexibility required to react rapidly and closely to changing conditions on the world market. This flexibility may be given by introducting a compensatory levy fixed by the Commission on the basis of the single intervention price for a given standard of quality and the most favourable buying opportunities offered by the world market for rice of comparable quality. A rate of equivalence between paddy rice, husked rice and milled rice will be fixed by the Rice Section of the European Grain Office so that account may be taken, in applying the levy, of the various processing stages at which imported rice may be offered.

The levy, which is intended to ensure that the intervention price is observed, will be the same throughout the Community and in applying it no discrimination will be made between one non-member country and another.

A levy system must also be applied, in a way still to be settled, to imports of broken rice, rice flour and other by-products save where exceptions are made for special uses.

The rice section, being responsible for recording the lowest prices, will collect the necessary information on each of these products.

The need to stabilize the internal market which justifies the charging of a compensatory levy when world market prices are below those of rice produced in the Community will in the reverse case justify reduction of the price of imported rice and by-products to the level of the European price by way of a direct subsidy to users. In this case the export of milled and processed products would attract a levy.

IMPORT CERTIFICATES AND MEASURES OF SAFEGUARD

24. The effectiveness of the levy system must be kept continuously under supervision, since the methods of international trading in rice are liable to change. The instrument of this supervision will consist of a system of import certificates.

These import certificates will be issued to importers on demand and their validity is limited to a definite period. The levy to be paid by the importer is the one in effect on the day when the merchandise was actually imported.

If imports increase to such an extent or occur under such conditions as to cause or threaten to cause serious injury to Community producers, the Commission will decide without prejudice to exceptions for certain grades to suspend the issue of import certificates until there is no further injury or threat of injury. This will be the case when market prices reach the intervention price and the national market organizations have found themselves obliged to intervene on a substantial scale on the internal market.

PROCESSING TRAFFIC

25. Measures will also be taken to introduce a system of temporary admission.

EXPORT SYSTEM

26. For exports the following principles should be applied : —

1. In view of the fact that the system advocated envisages imports, there must also be opportunities for exports.

2. For this purpose steps must be taken to make exporting possible through refunds on exports.

3. The export of rice will be free. It will be covered by the issue of export certificates.

III. Trade with the Associated Overseas States and Territories

27. The aim of the association between the Community and the associated Overseas States and Territories is to promote the economic

and social development of the associated States and to establish close economic relations between them and the Community as a whole. The measures applicable to these States and territories must therefore ensure them advantages comparable to those which the enjoyed in the past, provide satisfactory conditions for their exports to the Community and enable their sales to be developed throughout the market of the Member States. The measures governing the import of rice from the associated Overseas States and Territories will be based on the principle of free entry into the Community. The details will be decided during the negotiations for the renewal of the association convention.

IV. Form of market organization

RICE SECTION OF THE EUROPEAN GRAIN OFFICE

28. This section, which will be supervised by the Commission and act in accordance with its directives, will : —

a) Intervene wherever necessary on the market, acting through the national market organizations ;

b) Establish a balance-sheet showing availabilities and needs, and price trends ;

c) Determine the volume of stocks to be carried forward by the national market organizations ;

d) Fix and collect levies ;

e) Fix and pay export refunds ;

f) Issue import and export certificates.

The common organization of the rice market requires the co-operation, in the framework of a Consultative Committee, of the various branches of the trade.

RICE SECTION OF THE EUROPEAN GRAIN FUND

9. In order to ensure the financing of the measures required for the organization of the market a Rice Section will be established within the Guidance and Guarantee Fund for Grain.

This fund will draw its income mainly from the levy on the import of rice. In case of necessity it may be credited with sums transferred from the Grain Fund in accordance with the procedure laid down in the chapter concerning the European Agricultural Guidance and Guarantee Fund. It may also require contributions from producers, fixed in relation to the area under cultivation.

E. Proposals for a common organization of the rice market

Preparatory stage

I. Approximation of prices

a) Producing Member States

30. The process of approximating prices will last until 30 June 1968, the time-table being as follows :

i) Farming year 1962/63 : the Member States must avoid taking measures liable to widen the difference between their national prices ;

ii) Farming year 1963/64 : first approximation of prices ;

iii) Subsequent farming years : continuation of approximation of prices.

It will be important to know well in advance the level of the intervention price proposed for the farming year 1968/69. A decision on this matter will in any case have to be taken before 1 July 1965.

31. The Council will decide on the approximation of prices and on the manner in which it is to continue.

On a proposal of the Commission the Council will fix the extent of the approximation of prices to be carried out in the farming years 1963/64 and 1964/65.

During the farming years 1965/66 and 1966/67 the approximation of prices will be brought to its conclusion. This final approximation will be made after the fixing of the criteria to be used as a basis for the establishment of the estimated intervention price, which will itself be determined in the light of the experience acquired during the first approximation and also of its efforts on agriculture in the various countries.

Once the estimated intervention price for the first crop year in the common market stage (1968 crop) is thus fixed, each producing Member State will have three years in which it can automatically and autonomously adapt its own prices to the level of this intervention price.

32. The criteria will be fixed in the light of

a) The first price approximations ;

b) The analysis of the effects produced by these approximations ;

c) Observations made on the development of the market.

A decision on the criteria is to be taken before 1 May 1965.

b) Non-producing Member States

33. Pari passu with the arrangements to be made for the approximation of prices by the producing Member States, the non-producing Member States will adapt the level of the levy referred to in section 37 in such a way that free movement of rice in the Community can be achieved while observing the intervention price fixed in the production centres.

II. Organization of the Market

a) Co-ordination of the national organizations

34. 1. In order to establish the common organization of the rice market, the producing Member States, acting on advice from the Commission will before 1 April 1962 arrange to co-ordinate the measures taken by each of them.

2. The producing Member States will take the internal measures which will enable them to adopt a system of intervention prices from the beginning of the farming year 1962/63.

3. The Member States will take the internal measures which will ensure that from 1 July 1962 onward a system of levies is applied to imports and a system of refunds to exports.

b) Setting up the common institutions

35. 1. Before 1 April 1962 the Commission will draft a regulation concerning the Rice Section of the European Grain Office and the Consultative Committee.

2. Before 1 July 1962 the Member States will take the measures which will enable their national offices to adapt themselves to the arrangements provided for in Article 34 (2 and 3).

3. From the time when the levy system comes into force information on the accounting position resulting from the use of the system shall be regularly collected by the Commission.

4. The Commission will establish forecasts showing resources and needs, to be used for such purposes as guidance of production.

c) Harmonization of the means of intervention

36. In order to achieve close co-operation of the agencies responsible for the market and the application of price policy, the Commission will obtain the assistance, in the form of a Committee of Experts, of the responsible heads of the offices in the several countries which deal with the execution of rice policy.

III. Intra-Community Trade

a) Application of a system of levies and refunds

37. The Member States will take the measures necessary for the replacement of the existing import and export systems by a levy and refund system to operate from 1 July 1962.

To this end the Member States will determine before this date, and according to criteria fixed by the Council on a proposal from the Commission, a threshold price free frontier. This price will be fixed for rice of a given quality and processing stage. The Commission will decide the conversion ratios applicable to this price to take account of the various stages in the processing of the rice.

If at the time when the levy system comes into force Member States are applying a customs duty which differs according to the processing stage of the imported rice, the Commission may take this into account when fixing the conversion ratios. Any such divergent system must, however, be abolished by the end of the preparatory stage.

The first intra-Community levies and refunds will be established on the basis of threshold prices fixed by non-producer Member States and of the prices in force in the producing Member States, for the same processing stage.

To enable Member States with higher prices to export to those with lower prices, the former may grant an export refund in a way fixed by the Council on a proposal from the Commission.

Due allowance will be made when calculating the amount of the levy or of the refund for any lump-sum reduction of increase, care being taken to ensure that the development of intra-Community trade is gradual. The levies and refunds will gradually diminish and disappear by the end of the preparatory stage.

b) Abolition of import restrictions and export aids

38. As soon as the levy and refund system referred to in the proceding section comes into operation, the Member States will :

a) Abandon quantitative restrictions and other measures with equivalent effect and adjust their internal regulations in such a way as to permit the free movement of rice within the Community ;

b) Abolish all export aids in intra-Community trade.

IV. Harmonization of legislation

39. In the first half of 1962 the Commission will have studies made for the purpose of creating bases of comparison between types and varieties of rice. It will submit to the Council directives for defining criteria for grades and harmonizing regulations on plant health and approved seeds.

V. Commercial policy toward non-member countries

a) Import system

40. The Member States will take the measures needed to replace customs duties and taxes on imports by a levy system applicable with effect from 1 July 1962.

The levies on imports from non-member countries will be calculated on the basis of the threshold prices of each Member State and of the price ruling on the world market for rice of a given quality at the same stage of processing.

The differences between these levies will disappear as prices are aligned throughout the Community. This means that from 1968 onward the levy will be the same for all Member States.

b) Co-ordination of commercial policies

41. To ensure that the national regulations are duly superseded by the common regulations, Member States will be required, from 1 January 1962 at the latest, to

a) Undertake to submit to the Commission at an early date, in respect of these products, information on bilateral and multilateral commercial relations with non-member countries and to communicate and keep continually up to date information regarding the system of external trade ;

b) Take steps to ensure that any measures introduced or obligations undertaken in the sphere of external trade in these products are not applied without prior consultation with the Commission and the other Member States ;

c) Take the necessary steps to ensure that all obligations concerning the said products can expire by the end of the preparatory period or be adapted to the requirements of the common agricultural policy.

Annex I

Area — Yield — Rice production

	Italy			France		
	Area 1 000 ha.	Production		Area 1 000 ha.	Production	
		quintals / ha.	Total 1 000 t.		quintals / ha.	Total 1 000 t.
Pre-war	143	52.7	753	0	20.0	1
1950	143	49.4	706	11	40.2	44
1951	156	48.0	750	18	33.9	61
1952	174	53.4	930	22	40.7	89
1953	176	53.2	934	19	35.8	69
1954	178	48.8	869	20	26.7	52
1955	169	52.2	880	20	41.3	81
1956	138	48.1	663	23	42.5	99
1957	126	50.6	637	27	42.0	114
1958	134	54.8	737	29	48.2	140
1959	136	52.4	753	32	40.9	132
1960 (1)	129	49.8	640	32	30.0	96

Source : Statistical Office of the European Communities.
(1) Provisional figures.

Annex II

Rice balance sheet (1)

Years (2)	Population (3)	Area (1 000 ha.)	Yield (quintals / ha.)	Gross production	Net production (milled)	Variations in stocks
EEC						
1953-1954 / 1955-1956	163 036	194	49.5	961	654	+ 51
1956-1957	165 732	161	47.3	762	518	— 62
1957-1958	167 378	153	49.1	751	511	— 74
1958-1959	169 016	163	53.8	877	596	+ 36
1959-1960	170 595	168	50.2	885	602	+ 82
						Indices 1953-1954
1956-1957	101.7	83.0	95.6	79.3		
1957-1958	102.7	78.9	99,2	78.1		
1958-1959	103.7	84.0	108.7	91.3		
1959-1960	104.6	86.6	101.4	94.5		
1960-1961 (4)	—	—	—	—		
GERMANY (F.R.)						
1953-1954 / 1955-1956	51 173					— 1
1956-1957	52 340					+ 11
1957-1958	53 040					— 3
1958-1959	53 670					+ 22
1959-1960 (5)	55 250					+ 19
						Indices 1953-1954
1956-1957	102.3					
1957-1958	103.6					
1958-1959	104.9					
1959-1960 (5)	108.1					

Sources : From 1953/54 to 1959/60 : OEEC Food Balance Sheets and EEC estimates on the basis of information received EEC Estimates — DG VI/B1.
(1) Provisional balance sheets.
(2) Consumption years (1 July - 30 June) except for B.L.E.U. from 1956 to 1960 the figures are given in calender years.
(3) On 1 January (except B.L.E.U. — on 1 July).
(4) Net imports.
(5) Provisional figures
Conversion rate : paddy/milled 68%.

External trade in 1000 t		Availabilities	Use					Per caput consumption (kg./year)	Self-sufficiency rate
Exports	Imports		Animal food	Seed	Industrial uses	Waste	Gross human foodstuffs		
248	267	622	45	26	65	5	481	3.0	105.4
262	310	628	17	22	81	4	504	3.0	82.0
233	269	621	23	31	70	4	493	2.9	81.9
241	327	646	27	32	81	5	501	3.0	91.8
190	381	701		153			549	3.2	84.3
1955-1956 = 100									
(4)									
252.6		101.0	37.8		111.5		104.8	100.0	
189.5		99.8	51.1		109.4		102.5	96.7	
452.6		103.9	60.0		122.9		104.2	100.0	
1005.3		112.7					114.1	106.7	
—		—	—				—	—	
2	78	77	1			2	74	1.5	
3	97	83	0			2	81	1.5	
4	79	78	0			2	76	1.4	
6	123	95	7			2	86	1.6	
7	143	117	7			3	107	1.9	
1955-1956 = 100									
(4)									
123.7	107.8	—		100			109.5	100.0	
98.7	101.3	—		100			102.7	93.3	
153.9	123.4	700		100			116.2	106.7	
178.9	151.9	700		150			144.6	126.7	

ANNEX II (contd,)

Rice balance sheet (1)

Years (2)	Population (3)	Area (1 000 ha.)	Yield (quintals / ha.)	Gross production	Net production (milled)	Variations in stocks
FRANCE						
1953-1954 / 1955-1956	44 100	20	34.2	67	46	— 8
1956-1957	44 800	23	42.5	99	67	+ 22
1957-1958	45 300	27	42.0	114	78	+ 9
1958-1959	45 800	29	48.2	140	95	+ 17
1959-1960	45 350	32	41.3	132	90	+ 11
						Indices 1953-1954 /
1956-1957	101.6	115.0	124.3	147.8		
1957-1958	102.7	135.0	122.8	170.1		
1958-1959	103.9	145.0	140.9	209.0		
1959-1960	102.8	160.0	120.8	197.0		
ITALY						
1953-1954 / 1955-1956	47 928	174	51.4	894	608	+ 60
1956-1957	48 373	138	48.1	663	451	— 95
1957-1958	48 593	126	50.6	637	433	— 80
1958-1959	48 880	134	54.8	737	501	— 3
1959-1960 (5)	49 230	136	52.4	753	512	+ 62
						Indices 1953-1954 /
1956-1957	100.9	79.3	93.6	74.2		
1957-1958	101.4	72.4	98.4	71.3		
1958-1959	102.0	77.0	106.6	82.4		
1959-1960 (5)	102.7	78.2	101.9	84.2		

Sources : From 1953/54 to 1959/60 : Balance sheets drawn up by EEC — DG VI/B1. *Sources of information:* OEEC, French Ministry of Agriculture, ONIC.
(1) Provisoinal balance sheets.
(2) Consumption years (1 July - 30 June).
(3) On 1 January.
(4) Net imports.
(5) Net exports.
Conversion rate : paddy/milled 68%.

External trade in 1 000 t.		Availabilities	Use					Per caput consumption (kg. /year)	Self-sufficiency rate
Exports	Imports		Animal food	Seed	Industrial uses	Waste	Gross human foodstuffs		
2	62	114	8	2	33	—	71	1.6	37.4
3	79	121	7	2	40	—	72	1.6	51.3
6	71	134	14	2	44	—	74	1.6	54.4
14	69	133	10	2	46	—	75	1.6	67.7
15	78	142			56		86	1.9	55.6
1955-1956 = 100									
(4)									
126.7		106.1	87.5		120.0		101.4	100	
108.3		117.5	175.0		131.4		104.2	100	
91.7		116.7	125.0		137.1		105.6	100	
106.0		124.6	—		—		121.1	118.8	

207	—	341	2	24	9	3	303	6.3	178.3
205	—	341	2	20	7	2	310	6.4	132.3
170	..	343	2	29	7	2	303	6.2	126.2
165	1	340	1	30	8	3	298	6.1	147.4
109	2	343	1	20	9	3	310	6.3	137.5
1955-1956 = 100									
(4)									
99,0		100.0	100		80.6		102.3	101.6	
82,1		100.6	100		105.6		100.0	98.4	
79,2		99.7	50		113.9		98.3	96.8	
51.7		100.6	50		88.9		102.3	100.0	

ANNEX II (contd.)

Rice balance sheet (1)

Years (2)	Production (3)	Area (1 000 ha.)	Yield (quintals / ha.)	Gross production	Net production (milled)	Variations in stocks
NETHERLANDS						
1953-1954 / 1955-1956	10 682	—	—	—	—	—
1956-1957	10 954	—	—	—	—	—
1957-1958	11 104	—	—	—	—	—
1958-1959	11 256	—	—	—	—	—
1959-1960 (4)	11 419	—	—	—	—	—
						Indices 1953-1954 /
1956-1957	102.5					
1957-1958	104.0					
1958-1959	105.4					
1959-1960 (4)	106.7					
B.L.E.U.						
1953-1954 / 1955-1956	9 153					
1956	9 236					
1957	9 303					
1958	9 370					
1959	9 432					
						Indices 1953-1954 / Importations
1956	100.9					
1957	101.6					
1958	102.4					
1959	103.0					

Source : From 1953/54 1959/60 : OEEC Food Balance sheets EEC estimates - DG VI/B1. *Sources* : from 1953/54 to 1959/60 : EEC Balance DG VI/B1.

(1) Provisional balance sheets.

(2) Consumption years (1 July - 30 June). — except for B.L.E.U. from 1956 to 1960 the figures are given in calendar years.

(3) On 1 January. (except for B.L.E.U. on 1 July).

(4) Provisional figures.

(5) Net imports.

Conversion rate : paddy/milled 68/%.

External trade in 1000 t		Availabilities	Use					Per caput consumption (kg./year)	Self-sufficiency rate
Exports	Imports		Animal food	Seed	Industrial uses	Waste	Gross human foodstuffs		
28	85	57	32		3		22	2.1	
27	67	40	6		6		28	2.6	
28	63	35	5		5		25	2.2	
31	71	40	7		7		26	2.3	
34	83	49	11		9		29	2.5	
1955-1956 = 100									
	(5)								
	70.2	70.2	18.8		200.0		127.3	123.8	
	61.4	61.4	15.6		166.7		113.6	104.8	
	70.2	70.2	21.9		233.3		118.2	109.5	
	86.0	86.0	34.4		300.0		131.9	119.0	
9	42	33	2		20		11	1.2	
24	67	43	2		28		13	1.4	
25	56	31	2		14		15	1.6	
25	63	38	2		20		16	1.7	
25	75	50	2		31		17	1.8	
1955-1956 = 100									
nettes imports									
	(5)								
	130.3	130.3	100		140.0		118.2	116.7	
	93.9	93.9	100		70.0		136.4	133.3	
	115.2	115.2	100		100.0		145.5	141.7	
	151.5	151.5	100		155.0		154.5	150.0	

sheets DG VI/B1: *Sources of information* Bulletin du commerce extérieur de l'UEBL., Ministry for Economic Affairs, Belgium; EEC Estimates

ANNEX III

External trade of the EEC countries in 1959 — 042 — Rice (1)

Export \ Import	World $ 1 000	World %	EEC $ 1 000	EEC %	A.O.S. (2) $ 1 000	A.O.S. (2) %	Others $ 1 000	Others %
Imports								
Germany	17 058	100	4 808	28	—	—	12 249	72
France	11 414	100	455	4	3 403	30	7 556	66
Italy	119	100	—	—	—	—	120	100
Netherlands	9 308	100	710	8	—	—	8 598	92
B.L.E.U.	7 569	100	273	4	—	—	7 297	96
EEC	45 468	100	6 246	14	3 403	7	35 820	79
exports								
Germany	832	100	96	12	145	17	592	71
France	3 002	100	7	2	2 533	84	447	14
Italy	20 650	100	4 444	22	459	2	15 702	76
Netherlands	4 883	100	1 034	21	525	11	3 323	68
B.L.E.U.	3 786	100	377	10	455	12	2 952	78
EEC	33 153	100	5 958	18	4 117	12	23 016	70

(1) *Source* : Statistical Office of the European Communities Analytical tables, Imports-1959 and Exports-1959.

Trend of imports for the EEC countries as a whole

(in percent of value)

Countries of Origin	1953	1954	1955	1956	1957	1958	1959
EEC	55.4	31.5	11.8	18.7	5.8	12.8	14
A.O.S. (2)	10.8	14.9	22.1	20.0	14.6	11.6	7
Others	33.8	53.6	66.1	61.3	79.6	75.6	79

(2) Associated Overseas States.

ANNEX IV

Customs tariff for rice in force in the six EEC countries on 1 December 1960

	EEG	Non-member Countries
Germany (1)		
Paddy	4%	5%
Husked	duty-free	duty-free
Polished, glazed, etc.	12%	15%
Benelux	Rice is duty-free	
France (2)		
Paddy	duty-free	(22,5) (3)
Husked or polished	duty-free	(27) (3)
Broken	duty-free	(27) (3)
Italy (4) (5)		
Paddy	12.8%	16%
Husked	12.8%	16%
Polished, glazed, etc.	12.8%	16%
Broken rice for starch factories	3.2%	4%

(1) Rice for starch factories is duty-free

(2) Rice imports are subject to the production of a licence (notice 3 January 1956).

(3) Duty suspended : D.55 - 1612 of 9 December 1955.

(4) Rice for animal feeding is duty-free

(5) A certificate of the Ente Nazionale Risi must be presented in respect of rice imported into Italy. This certificate serves as proof that the rice will be subject to the provisions of obligatory collection.

Draft proposal on a common policy for fats and oils

A. Present situation

I. Situation of the market in the EEC countries

PRODUCTION

1. From 1956 to 1958 the annual production of fats and oils in the six EEC countries averaged more than two million tons (see Table 1). This included over 1.5 million tons of animal fats (butter, lard, suet), 450 000 tons of vegetable oils and 36 000 tons of whale and fish oil. Among vegetable fats, olive oil was by far the most important with 317 000 tons, followed by colza oil (80 000 tons). The production of the other vegetable oils is quantitatively of only secondary importance. The degree of self-sufficiency was 48% in the Community as a whole, varying among the six countries from 38 to 59%.

EXTERNAL TRADE

2. In keeping with this low degree of self-sufficiency, trade in oils and oil-seeds is on a very large scale. From 1956 to 1958 annual imports averaged 2.7 million tons of fat content, as against about 500 000 tons for exports (see Table 1). Exports were partly animal fats and partly refined oils and other products of the fats processing industry, manufactured from imported oil-seeds or crude oils. On the average, from 1956 to 1958, 1/5 of the oil-seeds and oils imported into the Community came from the associated overseas states and territories and 4/5 from non-Member states (see Tables 2 and 3).

External trade also plays an important role as regards oil cakes, which are by-products of oil production (see Table 4). In the Member States the consumption of oil cakes rose between 1957 and 1959 from about 2.6 to 3.6 million tons. Of this quantity, 100 000 to 150 000 tons were manufactured from oil-seeds produced in the Community countries. The rest were processed from imported seed or directly imported. The future rate of increase in the consumption of oil-seeds will remain high, for protein foods are being used more and more in expanding livestock production and rationalizing cattle-feed.

CONSUMPTION

3. From 1956 to 1958 an average annual total of 4.3 million tons (production and imports) of fats and oils was available for consumption. The greater part was used for human food, the remainder being employed for industrial purposes (soaps, paints, etc.).

In EEC as a whole the average consumption of fats and oils per inhabitant (fat content) rose from 16.4 kg. before the Second World War to about 20 kg. in 1958/59 (see Table 5). This included 4.8 kg. of butter, 5.5 kg. of margarine and 10 kg. of slaughter fats and other fats and oils. However, the level of consumption varies greatly between Member States : whereas it is 25 kg. per inhabitant in the Netherlands and the Federal Republic of Germany, it is only about 16 kg. in Italy.

It is particularly the consumption of margarine which has increased in the Community as a whole since the war; the consumption of butter and other fats has varied little. In recent years, however, there have been no important changes in the ratio between the consumption of butter and that of margarine. But the rate of increase in the overall consumption of fats and oils has slackened in the course of this period. In Belgium and Luxembourg, Germany, France and the Netherlands, consumption per head has remained practically unchanged since 1956, and in certain cases even since 1950. Only

Italy has continued to show an increase. It is for this reason that in the Community as a whole, only a small increase is to be expected in the future.

It should be pointed out that there is another notable difference between the six countries : whereas in Belgium, Luxembourg, Germany and the Netherlands consumption of margarine represents an important part of the overall consumption of fats, it is insignificant in Italy and very low in France.

PRICES

4. During the last eight years, supplies of edible fats on the world market have generally been plentiful and cheap (see Table 17). Prices of the main oils and fats free North Sea ports varied in 1960 between 0.88 DM and 1.37 DM per kg. However, the divergences between the average retail prices of the margarine manufactured from these raw materials have been considerable from one member country to another. In 1958, they ranged from 1.68 DM/kg. in the Netherlands to 4 DM/kg. in Italy (see Table 6). These differences in price were due on the one hand to the divergent policies of the Member States in the fats and oils sector (see section 6 and the following section) and, on the other, to the difference in manufacturing and distribution margins.

PROSPECTS FOR SUPPLY AND DEMAND

5. Supply and demand on the Community's fats and oils market show the following trends. Production of slaughter fats and butter between 1957 and 1965 may increase by about 300 000 tons of fat content. The estimated 20% increase in meat production for this period will increase the output of slaughter fats by, presumably, 20% also, i.e. 150 000 tons of fat content. In addition, an increase of at least 20% may be expected in butter production, i.e. a further 150 000 tons fat content. If we suppose that the production of other fats remains unchanged, total Community output expressed in terms of fat content will reach about 2.4 million tons in 1965.

As regards the trend of consumption, we will suppose that the intake of fats per head of population will increase by 6 to 8% between 1957 and 1965. Allowing for population increase, the rise in global consumption would thus be from 10 to 15%, which would represent 400 000 to 600 000 tons of pure fat. " The overall consumption could then reach 4.6 to 4.8 million tons and the net surplus of demand to be covered by imports would remain at least at 2 million tons of fat content, which would correspond to the average of the years 1956 to 1958.

II Common and divergent lines of the market and price policy of the Member States in the fats and oils sector

1. On the fats and oils markets of the Member States, there is, strictly speaking, no uniformity of policy. At present policy consists mainly of measures taken in different sectors. The overall picture does, however, present certain common and certain divergent lines. Thus in the past the market and price policy of the six countries has depended mainly on :

a) Domestic production of fats, which has always been more costly in the European countries than in other regions which enjoy certain climatic or economic advantages (tropical and subtropical regions, USA);

b) Consumers, who should be able to procure at the lowest possible price the basic food represented by fats;

c) The processing industries, which are highly developed in the six countries and should be given some protection;

d) Supply to animal breeders of low-cost high protein feeding-stuffs made from the by-products of oil production;

e) Security of fats supplies which can be of vital importance in times of crisis;

f) The single-crop areas producing oil-seed in the African regions of the franc area whose development was endangered by the low world prices for oils.

Thus the policies of the various countries in the fats and oils sector have sometimes been face to face with conflicting requirements. In the different decisions conditions in the various countries have caused more or less importance to be attached to this or that requirement.

BELGIUM-LUXEMBOURG

The Belgian Government protects domestic butter production by customs duties, import quotas, minimum import prices and intervention on the market, through the "Office Commercial du Ravitaillement (O.C.R.A.)". In this way it has so far succeeded in stabilizing butter prices at the desired level.

There are no restrictions on the import of other animal fats, vegetable oils and oil-seeds. Non-refined vegetable oils (with the exception of palm oil) pay 5% duty, refined oils 10% and margarine 15%. Imports of oil-seeds are duty free (see Table 7).

Apart from this the Government intervenes in only two ways on the fats and oils market: it obliges the processing industry to maintain a given volume of stocks, and any increase in the price of margarine and edible oils must be declared to the Ministry of Economic Affairs 21 days in advance. The law of 26 March 1937, under which the Government can impose quotas on the production of margarine, has never been applied.

8. The remarks concerning Belgium apply in effect to Luxembourg, which also has practically no home production of vegetable fats.

GERMANY

9. The Government of the German Federal Republic uses customs duties and import quotas to protect domestic production of animal fats (butter, lard, suet). The customs duties are 25% on butter and 18% and 6 to 12% respectively for edible lard and suet. Butter is imported through an official import and storage office, which also supports the market by purchases when butter prices are weak.

Imports of oil-seeds, crude oils and slaughter fats for industrial uses have been liberalized. Crude oils pay a duty of 5%, refined oils 10% and margarine 25%. Imports of oil-seeds and oil pastes and fats for industry are exempt from duty.

However, the Federal Government also intervenes on the market to encourage domestic production of vegetable oils and the use by the processing industries of animal fats. For indigenous colza and rape, the Federal Minister for Food, Agriculture and Forestry lays down producer prices which are generally above world prices. An outlet for the crops is ensured by requiring the margarine industry to use an amount of colza oil equal to 5% of its monthly production. The necessary funds to cover the producer price are supplied wholly or in part by the margarine industry. As regards fats of animal origin, the margarine industry is obliged to incorporate into its production a quantity of refined suet equal to 1% of its annual output. Otherwise, there are no controls on the fats and oils market.

FRANCE

10. Like most of the other member countries, France protects its domestic production against competition from the low-price fats and oils on the world market. Since the production of vegetable fats in metropolitan France and the surpluses of the former African territories, which together amount to more than 400 000 tons, were almost equal to the production of animal fats (about 550 000 tons), this protection had to extend to the whole production of fats; the French Government consequently established quotas for the import of most oil-seeds and fats and imposed on the majority of oils and fats customs duties which ranged from 15 tot 30% when the EEC Treaty came into force (see Table 7). A trade organization under government control regulates foreign trade in butter and supports the market by purchases when prices are low.

In addition the internal fats market in France is also subject to certain controls. The principal measures concern edible oils and linseed oil. Each year the Government fixes maximum and minimum prices, generally higher than world prices, for oil-seeds produced in metropolitan France and the former Overseas Territories. A trade organization under government control supervises the observance of these prices and regulates the quantities offered on the home market through an import and export monopoly or by stock-piling. This action is financed by a support fund whose resources are derived from levies on imports of oils and oil-seeds from outside the franc area. On the other hand, the import of copra and palm kernels and of the oils extracted from them has been liberalized since 1959 and is no longer subject to customs duties.

ITALY

11. The situation on the fats and oils market in Italy is similar to that in France. Production of vegetable oils, at about 350 000 tons, is even higher than that of animal fats (scarcely 200 000 tons of fat content). Consequently protection covers the whole production of fats. The means employed include customs duties quotas, taxes on manufacture and minimum import prices.

For decades now the first concern of Italian policy on the fats market has been the production of olive oil. As this is relatively costly, it has not been possible for the Italian Government to allow competing vegetable oils to enter the home market at low prices. It has been obliged on the contrary to increase the price of these oils well above the world level by imposing customs duties (18 to 25%) and special taxes. For this reason the price of oil in Italy is the highest in the Community. For many years the production of margarine was forbidden, and it is only since 1954 that a margarine industry has been able to develop. A great part of the present output of 40 000 tons is used by the pastry industry.

In addition, the Italian Government subsidizes the storage of olive oil. It also itself keeps stocks of cotton-seed oil and soya bean oil from American deliveries made under Law 480. These stocks are gradually placed on the market by requiring importers of fats and oils to buy specific quantities of them at a price fixed by the Government.

The principal measures used to support domestic production of edible animal fats are customs duties, which vary between 13 and 30%, and minimum prices for butter.

NETHERLANDS

12. In the dairy produce sector, the Netherlands apply a policy similar in principle to that of the other Member States, and the protection given to production is on much the same scale. But as considerable surpluses of dairy produce have to be exported, this policy can be applied only to a limited extent by the indirect means of action on prices. The Netherlands therefore prefer to pay direct subsidies to milk producers. Any necessary regulation of foreign trade in butter is carried out by the State-controlled market organization for milk, which also intervenes by support purchases.

Slaughter fats are part of the highly-developed animal products industry based on the use of low-price grain. When circumstances demand, the cattle and meat market organization intervenes with subsidies which help unexportable surpluses to be disposed of on the home market.

The domestic production of vegetable fats is unimportant. The volume of imports is considerable and they are made at world prices. One task of the market organization for margarine, fats and oils is to ensure that imports of oil at dumping prices do not injure the processing industry; this is done by levying a charge on all imports of oil-seeds, oils and fats, and using the proceeds to bring down the prices of imported oil-seeds so that they may be processed without loss.

The fats economy of the Netherlands also differs from that of the other Member States by the volume of re-exports of processed primary products. According to Dutch statistics, the value of imported fats and fat products sold on the home market in 1957 was about 420 million DM. At the same time the value of re-exports of processed primary products amounted to 350 million DM. In the other member countries exports of these groups of products are of only minor importance.

III. The situation in the associated overseas states and territories

PRODUCTION

13. Although adequate statistics are available for foreign trade as a whole, we have to be

content with fairly rough estimates when it comes to establishing the consumption and, consequently, the production of fats. The consumption of the associated States and territories to have been about 350 000 tons in 1959. The exportable surplus was roughly of the same order of magnitude (see Table 8). For the same period consumption in the Republic of Congo (Leopoldville) is estimated at 120 000 tons, whilst the exportable surplus amounted on the average to 240 000 tons during the years 1956-1958.

It is impossible at the present time to give an opinion on how production in the Republic of Congo (Leopoldville) is likely to develop. Before the beginning of the troubles, production and exports had been expanding vigorously over a long period (see Table 16).

In the States belonging to the franc area the volume of exportable surpluses of palm oil, palm kernel oil and copra has hardly changed in the long term. The production of groundnuts is developing favourably, particularly in the Republic of Senegal. Although there is no reason to expect any considerable extension of the areas planted, it is nevertheless probable that yields per hectare will further increase.

In the Republic of Congo (Leopoldville), small enterprises account for a great part of the output of palm oil and palm kernel oil and for all the groundnuts produced. In the States belonging to the franc area, practically the whole production of oil-seeds and oils is from small family enterprises of this type.

Despite the progress towards more economic production which a better selection of varieties and the use of fertilizers have made possible in recent years, there is still much to be done in this field, particularly with regard to the popularization of modern farming methods among producers. Similarly, improved storage facilities and more agricultural credit could also contribute to higher productivity in the production and marketing of oils and oil-seeds.

IMPORTANCE OF OIL-SEEDS IN FOREIGN TRADE

14. Along with coffee, oil-seeds, oils and fats form the main export item of the associated overseas states and territories. They represent about 106 000 tons of content fat annually, (see Table 8) and their value in 1959 was more than 900 million DM. In some States they constitute the only, or at any rate the essential, basis of the export trade. This is the case in particular with Senegal, Mali and Dahomey, which in 1959 drew 80 to 90% of their export income from the sale of oil-seeds and oils (see Table 9).

The economy of these countries which grow no crop other than oil-seeds depends therefore on the trend of world prices. The sharp fluctuations which frequently occur from one harvest to another (see Table 17) have a depressing effect on the general economic development of the countries concerned.

Of the approximately 900 million DM in value which these exports represent, purchases by the Member States accounted for more than 750 million or 82% (see Table 10). France is the leading buyer (56%), followed by Belgium-Luxembourg (11%), the Federal Republic (7%) and the Netherlands and Italy (about 4% each). With the exception of France, the Member States appear to take only a small part of the exports of the associated states and territories. However, the impression is somewhat different if the various products are considered separately (see Tables 11 and 12). Since 1959 the associated states and territories have been the chief suppliers of palm oil and palm kernel oil to the Member States with other than the Netherlands.

15. For oil-seeds there is a well developed processing industry both in the Republic of Congo and in the States belonging to the franc area. The whole exportable groundnut surplus of the Republic of Congo is processed on the spot and exported in the form of oil or oil cake. The same is true of about 75% of the surpluses of palm kernels. In the States of the franc area the oil mills are mainly in the Republic of Senegal, which processes on the average about 60% of all the groundnuts marketed in the country. The sale of this oil in France has so far being ensured by an agreement between French and African oil mills.

Some States have specially encouraged the processing of palm kernels by local industries by imposing higher export duties on them than on palm kernel oils.

PREFERENCES IN THE MEMBER STATES IN FAVOUR OF THE ASSOCIATED OVERSEAS STATES AND TERRITORIES

16. Up to the present the Federal Republic of Germany and the Netherlands have not granted preferences on imports of oil-seeds and oils.

Belgium has opened a duty free quota of 3 000 tons of refined palm oil for the ex-Belgian Congo. Any quantity imported above this quota must pay the normal duty of 5%. Total imports into Belgium of palm oil from the then Belgian Congo were running at an annual average of 36 000 tons in the years 1956 to 1958.

France applies varying degrees of preference to most oil-seeds and oils.

Palm kernels and copra may be imported free from the franc area whilst imports from other countries are subject to a duty of 9%. Since imports were liberalized on 1 January 1959, however, these various duties have only little or no effect on import prices.

France absorbs all the palm oil surpluses of the franc area (1959 = 10 000 tons and 1960 = 16 000 tons). Authorization to import from non-member countries is conditional on a certain quantity of oils being obtained from the franc area, the purchase price being fixed in such a way as to create a preference in favour of the products from that area. The additional earnings thus obtained amounted to about 630 000 DM in 1959 and about 1.7 million DM in 1960.

For groundnuts and groundnut oil practically all the surpluses of the franc area are sold in France, where they are marketed with the help of the existing market organization (see section 10). The prices applied are generally above the world level and the figure of additonal earnings has been running at an annual everage of some 85 million DM during the last five years. In 1959 it was 70 million DM (345 000 tons of groundnuts and 122 000 tons of groundnut oil), and in 1960 42 million DM (320 000 tons of groundnuts and 120 000 tons of groundnut oil).

17. The above account shows that certain associated states and territories have obtained from their former metropolitan countries considerable advantages for the sale of their surpluses. These advantages result either from the granting of tariff preferences or the imposition of quotas on similar products imported from non-member countries or from the import of these surpluses into the metropolitan territory through a market organization. When establishing a common market for fats it will be necessary to take into account the interests which certain overseas states and territories have thus acquired. Some States would be unable to maintain the association if the Communty did not manage to replace by equivalent measures the advantages which the metropolitan countries have hitherto granted them.

IV. Trends on the world market for fats and oils

PRODUCTION

18. From 1956 to 1958 the world production of the chief edible fats and oils averaged about 27.5 million tons, compared with some 19 millions before the Second World War. It has therefore increased by almost 50%. The highest rates of increase are for slaughter fats, bean oil, soya and sunflower oil. Against this, production of butter and olive oil has increased slightly; that of whale oil has even fallen off.

Production has increased most on the American continent and in the Soviet Union (see Table 14). In the Asiatic countries, which before the Second World War included the regions with the greatest surpluses, production has remained stagnant or has increased only slightly, except in the Philippines. In Africa development has been uneven. In Nigeria and the former Belgian Congo production has increased appreciably, while progress has been less marked in the countries of the franc area.

FOREIGN TRADE

19. World exports of fats and oils reached an average of 7.44 million tons a year for the period 1956-58 against about 5.8 millions before the Second World War (see Table 15). They therefore increased more slowly than production. Here again it was particularly slaughter fats and soya oil which showed the greatest increase. Meanwhile world trade in industrial oils, whale-oil olive oil declined.

There has been a particularly sharp change in the origin of exports (see Table 16). The United States, whose net imports were about 600 000 tons before the Second World War, became large exporters in the post-war period and at present account for nearly 30% of world exports. The Philippines, the former Belgian Congo and a few other small territories with surplus production have also considerably expanded their imports.

On the other hand certain leading countries of Asia now occupy a less important place in the export trade in fats and oils.

In India and China especially, production has increased relatively little, and the rapid growth of internal demand has meant that less is available for export.

CONSUMPTION

20. In the course of the last 20 years world production of fats and oils has grown at roughly the same pace as world population. At the present time, as on the eve of the Second World War, world production of fats and oils (including those for industrial uses) corresponds to about 11 kg. per head. As with other food products the consumption of fats and oils varies considerably from one country to another. While in North America it is 27 kg. per head and in Western Europe 23 kg. in Asia and Africa it is estimated to be about 5 kg.

PRICES

21. Taken over a lengthy period, the prices of certain important edible fats and oils have lagged far behind those of other food products. This is the case in particular in the USA, and to some extent also in European countries. In the United States, Great Britain and Denmark for instance, butter prices have not kept pace with those of pigmeat and beef. Before 1900 lard in USA and Germany was the same price as lean meat. In 1951-55 the price of chops in the United States was three to four times that of lard; in Germany in 1959 it was twice that of lard (see Table 19). Even if the pace of this development varies from country to country, the examples quoted give an idea of the trend.

For vegetable fats no price comparisons over a long period are available. It is possible, however, that the trend is the same in this sector as in the animal fats sector.

SALIENT FEATURES OF THE TREND AFTER THE SECOND WORLD WAR

22. The situation on the world market for fats after the Second World War has been mainly marked by three factors:

a) Entry on the scene of the United States as the largest exporting country for oil-seeds, oils and fats;

b) The declining importance of the big countries of Asia (China, India) in world trade, and

c) The level low generally of world prices for oils and fats since 1952/1953.

This situation may be explained as follows. During, and immediately after the Second World War there was a world shortage of fats and oils. For various reasons certain regions which traditionally had a surplus had not enough to meet this demand in full. The deficit was met by the expansion of production in USA during the war and post-war years, thanks in particular to soya oil and slaughter fats (see Tables 13, 16, 20).

23. There is a close relation between the production of soya beans and of slaughter fats in the USA, where the demand for processed animal products greatly increased during and after the war in that country. Organized production of slaughter fats demanded large quantities of forage with high protein content. It was this which produced the great increase in the growing of soya beans in the USA. The soya bean, which is above all a protein-producing plant

(40%), also contains an oil of excellent quality (17 to 20%). Because of the heavy demand for protein and oils that can be extracted from soya, cultivation of this plant in the USA, which was encouraged by the constantly increasing surpluses of grain to seek alternative crops, expanded vastly in a very short time.

24. Official price policy also played a certain role in this connection. While there was a world scarcity of dollars the American Government took the necessary measures for surplus oils to be exported against payment in the currency of the importing countries (Public Law 480). It also fixed a support price for soya beans, which generally amounted to a little more than \$ 2 per bushel. Except in the last few years, these support prices have rarely come into play, for market prices were generally higher. It is only recently that considerable surpluses have appeared on the soya bean market. The support price for the 1959 crop was therefore reduced to \$ 1.85 per bushel but has since been increased to \$ 2.30.

25. The close connection between the production of fats and oils and the production of protein (soya beans and slaughter fats) in the USA has meant that favourable prices for meat and high-protein feeding-stuffs have given some encouragement to the production of fats and oils. This has certainly affected the world market, where prices have for some while been rather low.

V. Conclusion

26. The countries of the European Economic Community at present import about 50% of their total consumption of fats and oils. In addition, their imports of oil cakes are considerable and rapidly increasing. It is probable that in the coming years the demand for imported fats and oils will remain roughly of the same order of magnitude, while demand for imports of oil cakes should increase.

27. In the fats and oils sector the Community countries are in the main pursuing similar policies. Whenever domestic production is on any appreciable scale, it is protected against the competition of low-price fats and oils on the world market. Import duties, charges and restrictions are used to raise domestic prices to a level that is in most cases higher than that of world market prices. But domestic prices can only be detached from world prices when the imports are greater than the imports of a given product. Where this is not the case, as with slaughter fats in certain Member States or butter in the Netherlands, such protection through the price mechanism is possible only within narrow limits or may prove to be entirely impracticable.

However, the repercussions of this policy are not the same in the six countries. In B.L.E.U. and in the Federal Republic, where production consists chiefly of animal fats, it is these which are in the main protected. The price of butter in particular is held above the world level. But for unrendered pig fat, lard and suet such a policy is not possible, or is so to only a very limited extent. At the same time these countries cover the remainder of their needs by imports at world prices, so that low-price fats and oils shall also be available to the consumer. In Italy and France (including the countries of the franc area), where the production of vegetable oils is at least as important as that of animal fats, protection is extended as far as possible to both categories of products.

28. The Netherlands are a special case : they have not been able to protect their domestic production through the price mechanism because of their exportable surpluses of butter and the existence of breeding for export. The Netherlands prefer to protect milk production by direct subsidies. In addition, they export considerable quantities of fat and oil products processed from imported raw materials.

29. The effects of the policies followed by the various Governments in the fats and oils sector are to be seen in prices. The prices applied on the butter market, with the exception of the Netherlands, are relatively close to each other. But those of vegetable fats diverge greatly, and this is due chiefly to the differences in the policies followed by the six governments.

On the whole these policies have had the effect of stabilizing — if not completely, at least in part — the prices of butter and, consequently, those of all other dairy products. It has not been possible to maintain the prices of slaughter fats because of the increase in production and the decline in demand for unrendered pig fat, lard and suet for human consumption. Prices, for certain products, have even fallen to the level of world rates. It has been possible to maintain production of vegetable fats (including olive oil) at the required level whenever this was deemed necessary.

In order to hold down consumer prices, the protection granted to domestic production has been kept to a minimum. The proof of this is that, seen over a long period, the consumption of edible fats of domestic origin has been no more than maintained. It is mainly imported products, in the form of margarine and vegetable oils, which have benefited from the increase in consumption per head.

30. In the long view the prices of the principal fats in the Community countries, as in most other industrial countries, have tended to lag behind the general rise in prices. The reasons for this are mainly the following :

First, the production of animal fats in these countries is generally increasing more rapidly than demand. Secondly, the nutritional properties of table oils and fats (margarine) manufactured from vegetable raw materials have over the years improved to such a point that these products can increasingly compete with products of domestic origin. Since fats production in the Community is mainly linked with the production of milk (butter) and meat (lard, unrendered pig fat, suet), the effects of this competition are felt even in these sectors. The result is that slaughter fats are already being largely used as industrial fats.

B. Aims of a common policy in the fats and oils sector

31. In the fats and oils sector the Community is face to face with problems similar to those already faced by the Member States. It must endeavour to solve them in a way consonant with the aims of the Common Market.

The aims of the common policy in the fats and oils sector will be :

a) To establish a market with the characteristics of a domestic market;

b) To ensure that the production of fats and oils reaches a level deemed necessary by the Community, and to stabilize markets;

c) To supply consumers with good quality fats and oils at reasonable prices;

d) To contribute to the stabilization of the markets for oil-seeds and oils in the associated overseas states and territories and to their marketing in the Community;

e) To bear in mind the interests of the processing industries and of traders, including the export of processed products;

f) To bear in mind the part played by the by-products of the extraction of oils and raw materials for conversion into animal products.

The Commission's proposal is that the single market in the fats an oils sector be established at the latest by 1 July 1968.

MEASURES TO ENSURE PRODUCTION AND STABILIZE MARKETS

32. In order to ensure that production shall be at the level deemed necessary by the Community, producer prices of Community-produced fats and oils must be made independent of the trend of world prices, which are often affected by sharp fluctuations, and then mus be stabilized. But it cannot be in the interest of the Community to raise the level of the prices of fats and oils in such a way that any producer in a Community country can make a profit.

To do this, the production of olive oil would have to be taken as the basis of price policy and the prices of vegetable oils and margarine raised to the level of the Italian prices. The Community's policy would then be geared to the most costly production and in the States other than Italy it would be necessary to double prices, or at least very appreciably to increase them. As such a policy would be in conflict with the principles on which the Common Market must be based, prices and markets for fats and oils produced in the Community will have to be assured in some other way. Since the supply of home-grown oil-seeds and olives covers hardly 1/5 of the internal needs of the Community, direct subsidies to producers could be envisaged.

Because for various purposes fats and oils are interchangeable, there is a direct relation between their prices. The common policy in the fats sector will have to allow for this fact and for the measures already taken in this field by the Member States.

SUPPLY TO CONSUMERS OF GOOD QUALITY FATS AND OILS AT REASONABLE PRICES

33. Over the last 30 years, fats and oils have in general become cheaper in relation to many other foodstuffs, while their quality and nutritional properties have improved. This trend, which is likely to continue, gained in strength after the Second World War, though not to the same extend in all Community countries. In Italy particularly, but also in France, some fats and oils are today dearer than in the other member countries. For them, as for all other products, action will have to be taken to bring divergent prices into line.

Since the world market for fats and oils reacts very sharply to political crises by contraction of supply and rising prices, the Community will be obliged — as the Member States which are particularly dependent on imports have hitherto done — to ensure that even in such troubled times, the supply of cheap fats and oils continues. This aim could be achieved through a certain amount of production of vegetable fats in the Community, combined with the building up of stocks by the processing industry, by the trade and by a central body.

STABILIZATION OF THE OIL AND OIL-SEED MARKETS IN THE ASSOCIATED OVERSEAS STATES AND TERRITORIES

34. The purpose of associating overseas states and territories is to develop them socially and economically and to establish close economic relations between them and the Community as a whole. The measures to be taken with respect to these states must procure them advantages comparable with those which they have enjoyed up to the present, but must not hinder freedom of trade in oil-seeds and oils. They may not therefore consist of tariff preferences, quotas or guaranteed outlets, although tariff preferences have a part to play in connection with vegetable oils, to which the common external tariff ensures some preference and so some assurance that there will be a market. The associated overseas states and territories have rather to be helped in the two following ways : first, by creating stabilization funds which will eliminate the sharp price fluctuations that affect the market for oil and oil-seeds, and secondly, by granting direct subsidies to producers in certain States where economic conditions are particularly unfavourable, thus enabling them to adapt their production and marketing conditions to those of the world market.

MAINTENANCE OF THE ACTIVITY OF THE PROCESSING INDUSTRIES AND TRADERS

35. The processing industries and traders play a great part in the fats and oils sector. Their particular importance is due to the fact that on the one hand, they transform the oils-seeds into consumer products of great value, and that on the other they re-export a large part of these products. The existence of these two sectors and trade in their products with non-member countries must be maintained.

C. Measures in favour of the associated overseas states and territories

TRADING SYSTEM

36. Oil-seeds and oils are already imported duty free in the majority of Member States; where certain quantitative restrictions still exist for certain products, they are to be abolished at the same time as direct aids under article 34 (see section 67) below are introduced. The preference in favour of vegetable oils from the associated overseas states and territories will be introduced progressively by reducing the customs duties in force between the Member States and by establishing the common external tariff, whose rates are between 5 and 15% for the various oils (see Table 7).

INTRODUCTION OF LOANS TO COMBAT PRICE FLUCTUATIONS

37. In order to render more effective local measures to reduce fluctuations of world prices, facilitate the financing of local stabilization funds and extend their application to all the associated overseas continental territories wishing to set up such bodies, repayable advances will be granted to the local funds by a European stabilization fund. (1)

This fund is a section of the joint production fund whose establishment is the subject of a special proposal (see doc. VIII/COM (1) 110 final, Part II, Chapter III). The system planned consists of a charge or a refund of all or part of the difference between the market price and an average world price calculated on quotations recorded over several years; whether a charge or a refund is made will depend on whether the market price is below or above the average world price. The conditions under which it is granted will be laid down by special conventions between the Community and the overseas states or countries concerned.

(1) In order to lighten the burden on the funds of the states and territories of the franc area, France grants them repayable advances through a national stabilization fund.

INTERNATIONAL ACTION BY EEC TO STABILIZE CERTAIN MARKETS

38. In order to give the fullest effect to any action taken by the Member States and the associated states and territories with the bodies above referred to, these states and countries shall agree to consult each other before participating in any international conferences on oil-seeds, oils and fats which are important for their national economy.

DIRECT SUBSIDIES FOR ADAPTATION OF AGRICULTURAL PRODUCTION IN OVERSEAS STATES AND TERRITORIES

39. In certain associated states and territories, the adaptation of production and marketing conditions to those of the world market and the improvement of the living standards of producers call for special aid measures. (1) This is particularly the case in those countries whose only crop is groundnuts, or where groundnuts are the basis of the national economy. It is for this reason that such aid is proposed for this product. It will be granted for specific periods and for quantities which will be fixed when the renewal of the Association Convention is being negotiated. Direct aid for other oil-seeds or oils does not seem necessary at the present time, although it is not excluded in principle. This aid will have to be financed from the Community's fund for fats and oils, the establishment of which is studied in section 51. It is not possible to estimate with certainty the amount of money which will be required annually. Producers' profits in the franc area in the past have been from 10 to 80 million DM per year according to the trend of world prices for groundnuts and groundnut oil. It may prove unnecessary to grant extra help when world prices are high.

These funds will need to be available from the 1963/64 season onward.

(1) In the past groundnut producers in the franc area have each year obtained prices which on average were about 15% above those paid on the world market (see section 16).

40. The decision on the conditions to be fulfilled in order to benefit by direct aids will be taken by the Joint Council of Ministers on a proposal from the Association Committee; the relevant procedure is still to be fixed (see doc. VIII/COM (61) 110 final, Part II, Chapter II). The Association Committee will establish a yearly target price for each product entitled to aid, and for each state this price will take into account developments on the world market, the progress already made in agricultural and commercial productivity and the expansion of the purchasing power of farmers.

The Association Committee will in each case fix the amount of the aid on the basis of the target price and in the light of the financial resources available to the Fund.

The aids will then be distributed among producers by the stabilization funds or by other local bodies designated by the associated countries concerned.

41. The Governments of the states which obtain this aid will inform the Commission of the measures they have taken or intend to take to improve the pattern of production and system of marketing in the oils and oilseeds sector. In the long run these measures must make any direct financial aid superfluous. The Community will support any action to this end undertaken by the associated states and territories. It will place at their disposal technical aid and the resources of the European Development Fund and the Joint Production Fund.

D. The position of Greece

42. The agreement establishing an association between the European Economic Community and Greece envisages the gradual harmonization of the agricultural policies of the signatories. The agreement also provides that when establishing the common agricultural policy the Community will effectively take account of the special situation, possibilities and interests of Greek agriculture.

For the years 1957/58 - 1959/60 the average production of edible olive oil in Greece (where it is used more than any other oil or fat) amounted to about 139 000 tons. Average exports during the same period were 7 400 tons, of which about 2 100 went to Community countries (Italy).

After the Association Agreement comes into force the Member States and Greece will gradually eliminate obstacles to trade in olive oil in advance of the harmonization of their agricultural policies. The Commission has, however, given the Italian Government an assurance that it is already prepared to authorize Italy to invoke, in respect of olive oil from Greece, the provisions of Article 226 of the Treaty.

The harmonization of agricultural policies will be put in hand as soon as the Community has declared that the main provisions for the implementation of the common agricultural policy have been defined.

The way in which this harmonization is to be carried out will be decided by the Association Committee after Greece has stated that it is ready to implement it.

Failing harmonization of agricultural policy, the parties to the Association Agreement will be free, on the expiry of a maximum time-limit of two years, to take any measures they consider appropriate.

E. Measures to be taken in the Member States

I. Common market stage

43. In view of the fact that it cannot be in the interest of the Community to raise the level of prices for fats and oils in such a way that all fats and oils produced in the Community show a profit, only direct intervention will enable the production of certain items to continue in Community countries. It will be necessary in particular to fix

producer prices for oil-seeds and oils and to see that these prices are maintained. Because of the particular social problems relating to olive-growing in Southern Italy, the proposals concerning market policy will need to be followed up immediately by measures to improve the structure of agriculture in these regions.

44. At the common market stage the common policy provides for the following measures in the fats and oils sector:

Action on the internal market

a) Fixing of producer prices (guaranteed prices (for oil-seeds, olives or olive oil.

b) Measures to further the stabilization of markets for oil-seeds and oils in the overseas states and territories and, in certain cases, to assist in making adaption to world market conditions possible.

c) A contribution levied on home-produced or imported oil-seeds and oils produced.

d) A programme for reducing the cost of producing and marketing olives and olive oil and for improving the economic structure of regions where olive-growing predominates.

Action at the common external frontier

e) Levying of the duties provided for in the external tariff on imports of oil-seeds, oils and fats.

45. To carry out these tasks the following organs will be set up :

a) A common Office for Fats and Oils under the responsibility of the Commission and entrusted with the implementation of measures decided on by the Council or the Commission.

b) A stabilization fund for the fats and oils market.

c) A committee through which the Commission will be able to consult the trade circles concerned on problems in connection with the organization of the market for fats and oils.

Measures to be taken on the internal market

46. With a view to maintaining the production of oil-seeds and olive oil at a level deemed necessary by the Community and giving producers some assurances on the continuity of policy in this field, steps must be taken to ensure :

a) That before the end of the preparatory stage producer prices for oil-seeds, olives and olive oil in the Community shall be fixed for the first year of the common market stage.

b) That each year before the autumn sowing producer prices for the chief oil-seeds for the following crop (and the standards of quality to which these prices will apply) shall be laid down. The same rule will apply mutatis mutandis to olives or olive oil.

c) That the Council shall decide, by qualified majority vote, on the criteria to be applied for the fixing of producer prices. These criteria will be proposed by the Commission after consultation with Economic and Social Committee. The producer prices will be proposed annually by the Commission. The price proposed will be considered as adopted by the Council if the latter does not fix it at a different level within a specified time by qualified majority vote.

Each year the Commission will submit a forecast for the fats and oils sector. This will cover production of external trade in and utilization of oil-seeds, oils and fats in the Community and in the associated overseas states and territories.

47. Should prices on the market for oil-seeds and olive oil fall below those fixed for producers, the difference will be made good by direct financial aid to the producers. These measures will be executed by the Office for Fats and Oils (see section 50) and the sums needed will be drawn from the Fund for fats and oils (see section 51).

48. In this respect olive-growing poses a special problem. The longer term aim of the Community must be to reduce the volume of direct aid to producers by improving the general economic structure in regions where olive-growing predominates and by improving production and marketing of the olives them-

selves. To this end the Italian Government, in co-operation with the Commission, will establish a programme at the beginning of the preparatory period. The resources of the European Fund for the Improvement of Agricultural Structures, the Investment Bank and the Social Fund should be made available to help implement this programme.

Measures to be taken at the common external frontier

49. At the common external frontier it will be necessary to levy the customs duties laid down.

Care will have to be taken that imports of pork fat and beef fat for human consumption do not upset the pigmeat and beef markets.

Form of market organization

50. The Commission proposes that in conformity with Article 40 (2*c*) of the Treaty an Office for Fats and Oils be established under its authority. The task of this Office will be to implement the measures decided on by the Council or the Commission regarding the fats and oils sector. In particular it will be entrusted with work relating to :

a) The levying of contributions on fats and oils;

b) The distribution of any financial aid to producers in the Member States.

51. To finance the measures envisaged it is clearly essential to create a central fund in accordance with Article 40 (4) of the Treaty. This Fund will be supplied from the proceeds of the contribution referred to in section 44. Each year the Commission will submit to the Council a budget for the Fund, with proposals on the amount of the contribution and the way it is to be levied. The Council will take its decision by qualified majority vote.

The resources of the Fund must be used to make good the difference between world market prices and producer prices for oil-seeds and olives fixed in the Member States in accordance with section 46, and also for direct aid to producers of groundnuts in the associated overseas states and territories.

II. Preparatory stage

Approximation of prices and national policies in the fats and oils sector

52. Prices vary widely within the Community. These divergences are mainly due to the diversity of the policies followed in the fats and oils sector by the member countries. It is therefore necessary to harmonize measures by the six Governments and at the same time to approximate prices of oil-seeds and fats. This may be done by applying the following method.

53. In 1962 the Commission, assisted by the six Governments, will establish a comparative survey of the prices paid at the different marketing stages for oil-seeds, oils and fats; the survey will make it possible to see the exact position of each Member State in the Community's price system at any time.

54. The work of comparing prices will also bring out their structure and the repercussions on them of measures taken in the different countries. In 1962 the Commission will make an inventory of government action and measures affecting the fats and oils market and will present proposals for their harmonization.

55. The Commission will draw up by 1 July 1962 and before 1 July each year thereafter, the survey of the existing situation and the outlook for the production of external trade in and utilization of oil-seeds, oils and fats (see section 46 above).

56. The adaptation of national policies to the system laid down for the common market stage will call for different measures to deal with the various products.

Oil-seeds

57. Until common producer prices are introduced for oil-seeds, the Member States themselves may fix such prices. In doing so, they must take into account the criteria laid down by the Council for the common producer price (see section 59). However, the prices in question must be brought closer to each other during the preparatory period. The Commission will submit proposals to the Council on this matter.

58. The countries which for the first time fix producer prices for oil-seeds must do so on the lines to be followed in the common market stage, that is to say they must make good the difference between producer and market prices for oil-seeds by direct payments to producers. Countries whose governments have already fixed prices for domestic oil-seeds must as soon as possible, and in any case before the 1964 harvest, bring their system into line with the system to be used in the common market stage. Any direct payments made to producers will continue to be the responsibility of the Member States until such time as common producer prices come into force.

59. Before the end of 1963 the Commission will propose to the Council the criteria according to which the common producer prices for oil-seeds must be fixed. By 1 July 1967 it will submit its first proposals for common producer prices for oil-seeds, and these will apply to the following year's harvest. Decisions concerning criteria and prices will be taken according to the procedure in Section 46.

Olive oil

60. Measures to deal with olive oil are called for in Italy and France. Whilst in France changes in the policy for olive oil should present no particular difficulty as annual production is only about 2 000 tons, special measures will have to be envisaged for Italy. The basic principles of the proposals given below will also apply to Algeria and the French overseas départements. The Commission will, however, amplify certain points (for example as regards the Fund) as soon as the Council has taken a decision on the application of Article 227 of the Treaty.

61. In co-operation with the Commission the Italian Government will establish a plan to implement the measures required to incorporate Italian olive-growing and the whole Italian fats sector into the common market for oils and fats. The most important of these measures will be :

a) A system of direct aids for the production of olives.

b) Improvements in the cultivation and marketing of olives and olive oil.

c) A better economic structure in the regions where olive-growing predominates.

62. Before the end of 1963, the Commission will propose to the Council the criteria according to which the common producer price will be fixed for olives and olive oil.

On 1 July 1968 it will for the first time submit proposals on the price to be applied to the following harvest. Decisions on criteria and prices must be taken in accordance with the procedure laid down in section 46.

Until a common producer price for olive oil is introduced, the governments will fix the price themselves according to the criteria established by the Council. For the first few years it will remain the responsibility of the Member States to finance any direct payments which have to be made to producers. But as the Common Market takes shape it will be possible to use the Fund for fats and oils for this purpose even before the common producer price comes into operation.

The Commission will submit proposals on this point to the Council in connection with the plan referred to at section 61 for the incorporation of Italian olive-growing into the common fats and oils market.

63. *Market organization*

The first calls on the common organization of the fats and oils market and on the Fund for fats and oils will be in connection with the measures taken to assist the associated states and territories. In 1963, therefore, the Office for Fats and Oils will have to be ready to operate and the Fund will need to have available adequate financial resources. To help forward the preparations for this work, the Commission will in 1962 establish a committee consisting of the heads of the national offices responsible for taking any action needed in the fats and oils market.

64. In 1962 the Commission will lay before the Council proposals for the statute of the Office for Fats and Oils and of the Fund for fats and oils, and the Council's decision will

be by qualified majority. The Office for Fats and Oils will begin to operate on 1 January 1963 in order to launch the relevant measures.

65. By 1 January 1963 the Commission will submit to the Council the first budget of the Fund for fats and oils, drawn up in the light of the progress made in the joint organization of the fats and oils sector. In connection with this budget the Commission will submit to the Council proposals on the collection of the levy on edible fats and oils and on the way it is to be used. The Council's decision will again be by qualified majority.

66. The consultative Committee provided for in section 45 will begin its work in 1962.

Intra-Community trade

67. The introduction of a system of producer prices for oil-seeds and for olives or olive oil within the Community and their stabilization by means of direct aids will also serve to eliminate the main obstacles to freedom of trade in the fats and oils sector. Consequently, as soon as this principle is applied in a country it will be possible to abolish quantitative restrictions on intra-Community trade in these commodities, in the products made from them and in all technical fats and oils. At the same time as they abolish quantitative restrictions, the Member States will adapt their "legislative and administrative provisions" so as to ensure the free movement of oil-seeds and oils within the Community. These provisions are to be implemented at the latest by 1 January 1965. Until this date the general provisions of the Treaty applicable to agricultural products will govern trade between the Member States.

In principle edible pork and beef fats will be subject to the same regulations as trade in pigmeat, beef and veal.

68. The liberalization of trade in oils and oil-seeds might involve difficulties in Member States where up to now the growing of oil-seeds and olives has been made possible by detaching the level of internal prices of oil-seeds and oils from the world level and by raising these prices. But thanks to direct aids to producers, producer prices for oil-seeds and oils would not be affected by such liberalization. However, retail prices in these countries might fall to such an extent that the whole structure of the economic sectors participating in the fats and oils market could be changed in a short time. To avoid this there must be a transition period during which the countries concerned can levy taxes on the consumption of fats and oils. This will have to be done with the agreement of the Commission in a non-discriminatory fashion and to apply both to domestic and imported fats and oils. Care must be taken that such measures do not widen the existing gaps in retail prices between the Member States.

69. In order to simplify the application of taxes and charges to external trade in oils and fats and to make it more uniform, the Member States will before the end of 1964 group in a single tax all the special fiscal charges on oil-seeds, oils and fats (with the exception of customs duties). This tax will have to be levied in a non-discriminatory manner on imported and on domestic products. The Commission will submit proposals to the Council to co-ordinate action by the Member States in this field and to reduce the taxes gradually.

70. A trading system based on the above principles implies that the following measures will be taken immediately after the introduction of direct aids to producers :

The abolition of all forms of subsidy and export drawbacks which hamper the effectiveness of the trading system. The waiving of the right of appeal to Article 44 of the Treaty.

Harmonization of legislation

71. The Commission will set up a working party to harmonize legislation in the fats and oils sector, so that obstacles to trade in oils and fats caused by divergences in domestic regulations can be eliminated. It will endeavour to see that this work of harmonization progresses as far as possible in step with the time-table laid down for carrying out the other measures of common agricultural policy in this field.

Commercial policy towards non-member countries

72. The customs duties provided for in the Treaty will have to be charged on the imports of oil-seeds, oils and fats. Any remaining quantitative restrictions on imports will have to be abolished at the latest by 1 January 1965.

Pork and beef fats for human consumption will be subject in principle to the rules applied to the import of pigmeat, beef and veal.

73. For oil-seeds, oils and fats it is essential to ensure that the national regulations are duly superseded by the common regulations. To ensure this Member States will be required from 1 January 1962 at the latest, to :

a) Undertake to submit to the Commission at an early date, in respect of these products, information or bilateral and multilateral commercial relations with non-member countries and to communicate and keep continually up to date information on the system of external trade;

b) Take steps to ensure that any measures or commitments which might be planned in the sphere of external trade in these products shall not be applied before the Commission and the other Member States have been consulted;

c) Take the necessary steps to ensure that all commitments concerning the said products can expire at the end of the preparatory period or be adapted to the requirements of the common agricultural policy.

F. Tables

TABLE 1

Production, external trade, consumption and degree of self-sufficiency of the member countries for fats, oils and oil-seeds — Average 1956-1958

Country and product	Production (1 000 tons of fat content)	Foreign trade: Import (1 000 tons of fat content)	Foreign trade: Export (1 000 tons of fat content)	Availabilities (1 000 tons of fat content)	Production in percent of availabilities
B.L.E.U.					
Butter	78	4	2	81	
Slaughter fats	39	27	25	41	
Veg. oils & fats	5	155	42	117	
Fish oils (1)	—	14	1	13	
Total	122	200	70	252	48.4
Germany					
Butter	291	24	—	315	
Slaughter fats	269	112	16	365	
Veg. oils & fats	20	767	28	759	
Fish oils (1)	19	150	19	150	
Total	599	1 053	63	1 589	37.6
France					
Butter	283	5	8	280	
Slaughter fats	260	3	38	225	
Olive oil	2	24	8	17	
Other veg. oils & fats	67	496	38	525	
Fish oils (1)	—	26	1	26	
Total	612	553	93	1 073	57.0
Italy					
Butter	51	12	—	63	
Slaughter fats	144	123	1	266	
Olive oil	315	31	—	346	
Other veg. oils & fats	43	219	1	261	
Fish oils (1)	—	8	—	8	
Total	553	393	2	944	58.5
Netherlands					
Butter	69	—	31	38	
Slaughter fats	79	88	76	91	
Veg. oils & fats	7	350	152	205	
Fish oils (1)	17	53	9	60	
Total	172	491	268	394	43.6

TABLE 1 (contd.)

Country and product	Production	Foreign trade		Availabil-ities	Production in percent of availa-bilities
		Import	Export		
	(1 000 tons of fat content)				
EEC					
Butter	772	45	41	777	
Slaughter fats	791	353	156	988	
Olive oil	317	55	8	363	
Other veg. oils & fats	142	1 987	261	1 867	
Fish oils (1)	36	251	30	257	
Total	2 058	2 691	496	4 252	**48.4**

(1) Incl. oils of marine mammals.

TABLE 2

Imports of the main oil-seeds, oils and fats into the EEC countries — breakdown by products — Average ***1956-1958***

(1 000 *tons of fats*)

Products	Imports from			Total
	member countries	associated countries and territories	non-member countries	
Slaughter fats :				
Tallow	5	—	158	163
Lard and unrendered pig fat	43	—	55	98
Others	14	—	78	92
Vegetable oils and fats :				
Olive oil	4	37	26	68
Groundnuts and groundnut oil	4	265	173	442
Cotton oil	—	5	103	108
Soya beans and soya bean oil	6	—	184	190
Colza seed and colza oil	4	—	42	46
Palmoil	3	110	138	251
Palm kernels and palm kernel oil	7	81	94	182
Copra and coconut oil (1)	21	43	377	440
Linseed and linseed oil	21	3	195	219
Castor oil	1	1	37	39
Oils of fish and marine mammals	15	3	235	253
Total	148	548	1 895	2 591

(1) Including palm kernels and palm kernel oil in the case of Italy.

TABLE 3

Imports of fats, oils and oil-seeds into the EEC countries — breakdown by origin — Average 1956-1958

(1 000 *tons of fats*)

Suppliers	Importers					
	B.L.E.U.	Germany	France	Italy	Nether-lands	EEC
Total imports	200	1 053	553	393	491	2 691
of which from :						
USA	30	324	31	139	138	663
Former Belgian Congo	54	48	14	14	27	158
United Kingdom and Common-wealth	31	132	48	98	99	408
Netherlands	17	61	—	8	—	86
Philippines	17	154	11	1	66	247
South America	5	39	13	22	8	88
Former French Africa	5	3	388	18	3	419
Indonesia	5	53	7	5	75	147

TABLE 4

Consumption of oil-cake and meal of all kinds in the EEC 1957-1959 (1)

	1957	1958	1959
		1 000 tons	
Production	2 095	2 132	2 254
Import	1 147	1 571	1 898
Total supply	3 242	3 703	4 152
Export	589	529	613
Consumption	2 653	3 174	3 539
Consumption in compounds			
for fatstock for milk cows	1 119	1 300	1 545
for poultry	305	381	441
for pigs	237	300	346
Total	1 661	1 981	2 332
Consumption in unmixed form	992	1 193	1 207
		in %	
Consumption in compounds	63	62	66
Consumption in unmixed form	37	38	34

(1) Including maize cake and gluten feed.

TABLE 5

Consumption of edible fats in the EEC countries before the Second World War in 1956-1957, in 1957-1958 and in 1958-1959

(kg. fat content, per head)

Country	Year	Butter	Other fats: Total	Other fats: of which margarine	Total fats
B.L.E.U.	Pre-war	7.3	11.8	5.6	19.1
	1956-1957	8.8	12.7	8.3	21.5
	1957-1958	8.2	12.8	8.8	21.0
	1958-1959	8.3	13.3	9.1	21.6
Germany	Pre-war	6.7	14.3	5.1	21.0
	1956-1957	5.9	19.5	10.5	25.4
	1957-1958	6.1	19.1	10.0	25.2
	1958-1959	6.4	18.9	9.6	25.3
France	Pre-war	4.4	11.2	0.7	15.6
	1956-1957	6.0	11.4	1.7	17.4
	1957-1958	5.8	11.0	1.7	16.8
	1958-1959	6.1	11.2	—	17.3
Italy	Pre-war	1.1	10.6	—	11.7
	1956-1957	1.3	12.9	0.7	14.2
	1957-1958	1.4	13.6	1.0	15.0
	1958-1959	1.3	14.4	1.0	15.7
Netherlands	Pre-war	5.2	15.4	5.6	20.6
	1956-1957	2.9	21.4	16.5	24.3
	1957-1958	3.5	20.6	16.0	24.1
	1958-1959	4.5	21.1	16.4	25.6
EEC	Pre-war	4.2	12.2	2.2	16.4
	1956-1957	4.5	15.2	5.6	19.7
	1957-1958	4.6	15.1	5.5	19.7
	1958-1959	4.8	15.4	—	20.2

TABLE 6

Wholesale price of butter and retail price of butter and margarine in 1958

(in DM per kg.)

Country	Butter (1)		Margarine
	Wholesale	Retail	
Belgium	6.75	7.50	2.10
Germany	6.10	6.90	2.51
France	6.70	8.20	3.04
Italy	5.50	7.60	4.00
Netherlands	3.70	4.40	1.68
EEC	5.77	6.92	2.67

(1) Round figures.

TABLE 7

Customs duties on oil-seeds, oils and fats in the EEC countries in % ad valorem

C — for use as food
T — technical oils

ex — exempt from duty
DS — duty suspended

Product	Common tariff	Tariffs actually applied on 1 January 1960							
		Benelux vis-à-vis		Germany vis-à-vis		France vis-à-vis		Italy vis-à-vis	
		EEC countries	Other countries	EEC countries	Other countries	EEC countries	Other countries	EEC countries	Other countries
Oil-seeds and oleaginous fruit:									
Groundnuts	ex	ex	ex	ex	ex	ex	DS	3.6	3.6
Soya beans	ex	ex	ex	ex	ex	ex	DS	ex	ex
Copra, palm kernels	ex	ex	ex	ex	ex	9	9	ex	ex
Cotton and colza seed	ex	ex	ex	ex	ex	ex	ex	C 4.5 T ex	C 9 T ex

TABLE 7 : (contd.)

Product	Common tariff	Tariffs actually applied on 1 January 1960							
		Benelux vis-à-vis		Germany vis-à-vis		France vis-à-vis		Italy vis-à-vis	
		EEC countries	Other countries	EEC countries	Other countries	EEC countries	Other countries	EEC countries	Other countries
Vegetable oils :									
Olive : *a*) crude	T 5/8	4.5	5	C 7	C 7	16.2	16.2	18	20
	(1)			T ex(2)	T ex				(3)
b) other	C 17/20	9	10	C 7	C 7	16.2	16.2	18	20
Groundnut and sesame :		4.5	5	C 4.5	C 5	16.2	16.2	C 16.2	C 18
a) crude				T ex(2)	T ex			T 5.4	T 6
b) other	T 5/8	9	10	9	10	16.2	16.2	C 16.2	C 18
Coconut and palm kernel :	C 15/10	4.5							
a) crude			5	C 4.5	C 5	13.5	13.5	C 9	C 10
	(4)			T ex(2)	T ex			T 5.4	T 6
b) other		9	10	9	10	16.2	16.2	C 18	C 20
Soya bean :		4.5	5	C 4.5	C 5	16.2	16.2	C 22.5	C 25
a) crude				T ex(2)	T ex			T 5.4	T 6
b) other		9	10	9	10	16.2	16.2	C 22.5	C 25
Palm :									
a) crude	T5 C9	ex	ex	C 4.5	C 5	ex	DS	ex	ex
				T ex(2)	T ex				
b) other	T8 C14	9	10	9	10	ex	DS	C 10.8	C 12
								T ex	T ex
Other oils and fats :									
Unrendered pig fat (fresh, chilled, frozen, salted)	22	10.8	12	9	10	36	36	19.8	22
Lard and other pressed or rendered pig fat	C 20			C 16	C 18			C 18	C 20
	T 4	ex	ex	T ex	T ex	28.8	32	T 36	T 4
Butter	24	13	15	22.5	24	ex	(5) DS	27	30
Margarine	25	13.5	15	22.5	25	27	27	24.3	27
Whale oil	2	ex	ex	ex	ex	16.2	(6) 16.2	ex	ex

(1) In packings of a net content of 20 kg. at least : 20%. Offered otherwise : (*a*) virgin 17%; (*b*) other 20%. Oil for uses other than as food : 5% (crude), 8% (other).

(2) Olive oil and palm oil with any free fatty acid content and other vegetable oils not treated (even clarified or dehydrated mechanically) with a free fatty acid content of less than 50% by weight, made unsuitable for human food under customs supervision, are duty free. On vegetable oils in the solid state in packings of at least 1 kg. the duty charged is 22.5% (Member States) or 25% (non-member states).

(3) Under certain conditions olive oil for use in the fish-canning industry is duty free.

(4) Oils for uses other than as food : crude 5%, others 8%. Oils for use as food : concretes in packings of a net content of 1 kg. or less 20%; concretes offered in other forms or as fluids : crude 10%, other 15%.

(5) The duty, which was 25%, was suspended in December 1955.

(6) There is a duty free import quota of 18 000 tons of whale oil for the production of edible fats.

TABLE 8

Exportable surpluses of oil-seeds, oils and fats in the associated states and territories — Average 1956-1958

(*1000 tons fat content*)

Country	Palm kernels and palm kernel oil	Palm oil	Cotton seed and cotton oil	Ground-nuts and ground-nut oil	Copra and coconut oil	Total
Former Belgian Congo	68	158	7	7	—	240
French settlements in Oceania	—	—	—	—	16	16
Former French Camercun	7	1	—	4	—	12
Former French Equatorial Africa	4	3	—	5	—	12
Former French West Africa	38	14	—	261	—	313
Former French Togoland	5	2	—	1	2	10
New Guinea	—	—	—	—	3	3
Total	122	178	7	278	21	606

TABLE 9

Share of oil-seeds, oils and oil-cake in the exports of the associated states and territories in 1959

Country	Total exports	Exports of oil-seeds, oils and oil-cake	Share of oil-seeds, oil and oil-cake in total exports
	Million DM		%
All associated states and territories of which :	5 147	923	18
Senegal, Mali, Mauretania			
Niger	486	431	89
Dahomey	49	42	87
Polynesia	41	34	83
Congo (Leopoldville)	52	18	36
	2 100	299	14

TABLE 10

Exports of main oils and oil-seeds from the associated states and territories-breakdown by destination in 1959

Destination	Exports					
	from the franc area		from the Republic of Congo and Ruanda-Urundi		from all associated states and territories	
	million DM	%	million DM	%	million DM	%
Total exports	624	100	299	100	923	100
of which to :						
B.L.E.U.	2.5	0.4	101	34	104	11
Germany	7	1.2	58	19	65	7
France	511	82	4	2	516	56
Italy	6	1	28	9	34	4
Netherlands	15	2.4	24	8	39	4
EEC	542	87	216	72	758	82
Franc area less France	39	6	2	1	41	4
Non-member countries	43	7	82	27	125	14

TABLE 11

Member States' imports of palm oil and palm kernel oil—breakdown by origin in 1959

Destination	Country of origin								
	Associated states and territories		Nigeria		Indonesia		Other countries		Total
	1 000 tons fat content	%	1 000 tons fat content	%	1 000 tons fat content	%	1 000 tons fat content	%	1 000 tons fat content
Germany	59.6	41	47.5	33	18.7	13	18.7	13	144
France	63.7	98	—	—	—	—	1.3	2	65
Italy	39.4	58	8.2	12	5.4	8	15	22	68
Netherlands	24.7	17	43.8	30	65.7	45	11.7	8	146
B.L.E.U.	47.3	83	4.6	8	4.6	8	0.6	1	57
EEC	234.7	49	104.1	22	94.4	20	47.3	9	480

TABLE 12

*Member States' imports of groundnuts and groundnut oil—breakdown by origin in **1959***

Destination	Country of origin						
	Associated states and territories		Nigeria		Other countries		Total
	1 000 tons fat content	%	1 000 tons fat content	%	1 000 tons fat content	%	1 000 tons fat content
Germany	—	—	20	40	30	60	50
France	271.4	92	14.8	5	8.8	3	295
Italy	4.1	9	23	50	18.9	41	46
Netherlands	—	—	17.8	54	15.2	46	33
B.L.E.U.	8.8	20	27.7	63	7.5	17	44
EEC	284.3	61	103.3	22	80.4	17	468

TABLE 13

*World production of edible fats — breakdown by products — Averages for **1934-1938** and **1956-1958***

(*1000 tons*)

Product	Average 1934-38	Average 1956-58	Variation 1956-58 in relation to 1934-38	
	in 1 000 tons			in %
Total world production (1)	18 732	27 575	+ 8 843	+ 47
of which :				
Butter and ghee (fat content)	3 704	4 101	+ 397	+ 11
Slaughter fats	4 513	7 196	+ 2 683	+ 59
Soya bean oil	909	2 772	+ 1 863	+ 205
Groundnut oil	1 618	2 202	+ 584	+ 36
Colza oil	1 238	1 915	+ 677	+ 55
Cotton oil	1 254	1 826	+ 572	+ 46
Olive oil	953	1 079	+ 126	+ 13
Sunflower oil	472	1 321	+ 849	+ 180
Coconut oil	1 483	2 087	+ 604	+ 41
Palm oil	830	1 171	+ 341	+ 41
Palm kernel oil	330	423	+ 93	+ 28
Oils of fish and marine mammals (2)	759	713	— 46	— 6

(1) Including USSR.
(2) Not including spermaceti and fish liver oil.
Source : Monthly Bulletin, Agricultural Economics and Statistics, No. 2, February 1959, FAO, Rome.

TABLE 14

*World production of edible fats broken down by countries and continents — Averages for **1934-1938** and **1956-1958***

(*1000 tons*)

Country	Average 1934-38	Average 1956-58	Variation 1956-58 in relation to 1934-38	
			in 1 000 tons	in %
Americas	4 004	8 321	+ 4 317	+ 108
of which :				
U.S.A.	2 952	6 176	+ 3 224	+ 109
Canada	180	368	+ 188	+ 104
Argentine	216	604	+ 388	+ 180
Asia	7 081	8 204	+ 1 123	+ 16
of which :				
India	1 768	1 967	+ 199	+ 11
China	3 108	3 394	+ 286	+ 9
Philippines	405	803	+ 398	+ 98
Indonesia	688	659	— 29	— 4
Malaya	155	154	— 1	— 1
Africa	1 734	2 546	+ 812	+ 47
of which :				
Nigeria	553	887	+ 334	+ 60
Former French West Africa	339	379	+ 40	+ 12
Former Belgian Congo	180	348	+ 168	+ 93
Algeria, Morocco, Tunisia	141	101	— 40	— 28
Europe	3 835	4 765	+ 930	+ 24
of which :				
Western Europe (1)	3 053	3 784	+ 731	+ 24
USSR	1 083(2)	2 678	+ 1 595	+ 147
Oceania	559	723	+ 164	+ 29
Antarctic (Whale oil)	436	336	— 100	— 23
World	18 732	27 575	+ 8 843	+ 47

(1) All European countries except Albania, East Germany, Bulgaria, Hungary, Poland, Rumania and Czechoslovakia.
(2) 1940.
Source : Monthly Bulletin, Agricultural Economics and Statistics, February 1959, FAO, Rome.

TABLE 15

Exports of fats, oils and oil-seeds — breakdown by product — Averages for ***1935-1939*** *and* ***1956-1958***

Product	Average 1935-39	Average 1956-58	Variation 1956-58 in relations to 1935-39	
	in 1 000 tons			in %
Edible vegetable oils	1 582	2 298	+ 716	+ 45
of which :				
Cotton oil	169	274	+ 105	+ 62
Groundnut oil	763	825	+ 62	+ 8
Soya bean oil	394	959	+ 565	+ 143
Sunflower oil	32	49	+ 17	+ 36
Colza oil	58	97	+ 39	+ 54
Olive oil	91	48	— 43	— 48
Palm oils	1 909	2 220	+ 311	+ 16
of which :				
Coconut oil	1 075	1 265	+ 190	+ 18
Palm kernel oil	326	394	+ 68	+ 21
Palm oil	488	557	+ 69	+ 14
Technical oils	848	646	— 202	— 24
of which :				
Linseed oil	635	439	— 196	— 31
Others	213	208	— 5	— 2
Animal fats	802	1 599	+ 797	+ 99
of which :				
Butter (fat content)	417	408	— 9	— 2
Slaughter fats	385	1 191	+ 806	+ 209
Oils of fish and marine mammals	644	675	+ 31	+ 5
of which :				
Whale oil	494	390	— 104	— 21
Fish oil (1)	122	177	+ 55	+ 45
Total	5 786	7 442	+ 1 656	+ 29

(1) Including liver oil.
Source : Foreign Agricultural Circular, 8 October 1959, US Department of Agriculture.

TABLE 16

Exports of fats, oils and oil-seeds — breakdown by countries — Average ***1934-1938*** *and* ***1956-1957***

Country	Average 1934-38	Average 1956-57	Variation 1956-58 in relations to 1934-37	
	in 1 000 tons			in %
Total	5 829	7 443	+ 1 614	+ 28
of which :				
USA	100	2 091	+ 1 991	+ 1 991
Rest of Americas (1)	133	244	+ 111	+ 83
Philippines	348	535	+ 187	+ 54
Portuguese Africa	62	96	+ 34	+ 55
Former Belgian Congo	97	230	+ 133	+ 137
Argentine and Uruguay	577	370	— 207	— 36
British West Africa	455	513	+ 58	+ 13
Former French West and Equatorial Africa	298	306	+ 8	+ 3
Other African countries	212	216	+ 4	+ 2
India and Ceylon	589	200	— 389	— 66
Malaya	132	236	+ 104	+ 79
Indonesia	529	560	+ 31	+ 6
Australia and Oceania	363	471	+ 108	+ 30
China and Manchuria	742	339	— 403	— 54
Other countries (2)	685	534	— 151	— 22
Antarctic and Arctic (Whale oil)	507	497	— 10	— 2

(1) Argentine and Uruguay not included.
(2) Including Europe.
Source : Information supplied by M. J.C.A. Faure at the Congress of the International Association of Seed Crushers, Brussels 1958 and Cannes 1959.

TABLE 17

Prices of the main fats and oils cif European ports — ***1950*** *to* ***1960***

(in DM per ton)

Year	Olive oil	Crude oils					Lard
		Soya	Ground-nut	Coconut	Palm	Whale	
1950	2 461	1 369	.	1 537	.	1 142	.
1951	3 612	1 722	1 999	1 798	1 697	1 596	.
1952	2 919	1 150	1 529	1 105	916	941	.
1953	3 276	1 289	1 621	1 373	836	861	.
1954	2 532	1 398	1 558	1 268	903	974	.
1955	2 872	1 234	1 210	1 067	949	1 025	.
1956	4 510	1 423	1 550	1 067	1 042	1 067	.
1957	3 234	1 285	1 512	1 088	1 037	1 029	.
1958	2 730	.	1 159	1 268	945	916	.
1959	2 621	970	1 260	1 558	1 000	920	1 101
1960	.	941	1 373	1 256	941	878	1 183

TABLE 18

Long-term trend of butter, pigs and cattle prices in Great Britain, USA and Denmark

(*1910/13 = 100*)

Products	Great Britain	USA	Denmark
	1950/54		1956/57
Butter	269	217	296
Pigs	344	276	454 (1)
Cattle	334	383	426
All agricultural products	.	.	363

(1) Bacon.

TABLE 19

Long-term trend of retail prices for meat and lard in the USA and Germany

Year	USA		Germany	
	Chops	Lard	Chops	Lard
	cents per kg.		M. or DM per kg.	
1880-1885	.	.	1.50	1.75
1891-1895	25	22	.	.
1913	.	.	2.25	1.90
1935-1939	75	34	.	.
1951-1955	180	49	.	.
1954	.	.	5.40	3.90
1959	.	(35-40)	6.40	3.20

TABLE 20

Production of fats in the United States — Average 1935-1939 and 1959

Product	Average 1935-39	1959 (1)	Variation 1959 in relation to 1935-39	
	in 1 000 tons			in %
Total production	3 040	7 062	+ 4 022	+ 132
of which :				
Cotton oil	646	760	+ 114	+ 18
Groundnut oil	29	56	+ 27	+ 93
Soya bean oil	131	2 540	+ 2 409	+ 1 838
Butter (fat content)	806	526	— 280	— 35
Slaughter fats	1 237	2 812	+ 1 575	+ 127

(1) Estimates.
Source : Foreign Agricultural Circular, 8 October 1959, US Department of Agriculture.