

ENLARGEMENT AND ITS EFFECTS ON AGRICULTURAL FINANCING

The European Agricultural Fund consists of a "Guarantee" or price support Section and a "Guidance" Section which helps finance farm modernization.

For the Guarantee Section of the EAGGF, the enlargement of the Community will mean increased expenditure for refunds on exports to non-member countries and direct aid to agricultural production in the new member countries. Expenditure will increase despite savings on refunds now payable on exports from the Six to the future member countries and on intervention expenditure now necessary on the internal market of the Six, which will find a partial outlet on the markets of the future member countries.

For the guidance section of the EAGGF, too, enlargement will raise expenditures because of the increase in activity.

A preliminary estimate of the EAGGF budget in 1973, in a hypothetically enlarged Community, follows :

Estimated European Agricultural Fund Expenditures for 1973
(in millions of dollars)

	Six Members		Ten Members		Difference between Six & Ten	
	I	II	I	II	I	II
Guarantee Section	3,000	2,100	3,400	2,500	+ 400	+ 400
Guidance Section	285	1,500	350	1,700	+ 65	+ 200
Total	3,285	3,600	3,750	4,200	+ 465	+ 600

I : Without passage of the proposed farm reform program.
II : After passage of the farm reform program.