

COMMON MARKET FARM REPORT

BELGIUM, FRANCE, GERMAN FEDERAL REPUBLIC, ITALY, LUXEMBOURG, THE NETHERLANDS

COMMON MARKET

AGRICULTURAL OUTLOOK BY 1970

A newly completed study of the outlook for Common Market agriculture by 1970* suggests France holds the key to Community production in such basic farm commodity areas as grain, livestock and dairy products.

Employing projections of farm productivity and efficiency between 1958-1970, the study shows, for instance, that if there is no increase in the number of EEC acres devoted to cultivation in that period, France will still account for at least 42 percent of the total estimated increase in grain output in the EEC.

Based on an expected annual growth rate of seven-tenths of one percent, the population of the European Community's present six member states will climb from 1958's 169-million population to 184-million by 1970.

Optimism for the future of EEC agricultural producers is based not only on this expanded number of consumers but, also, on an anticipated overall economic expansion. As incomes of all economic levels increase, food consumption also increases.

Agriculture would derive even greater advantages from efforts to reduce retail food prices, the study says. This assumes, of course, that reductions are passed along to the consumer by reductions in retail trade profit margins.

The study reports that, in 1958, the per capita consumption in the EEC amounted to -

*"The Common Market In Farm Produce - Outlook Until 1970" (Number 10 - in French - in the agriculture series published by the Directorate General for Agriculture in the EEC.)

43 pounds of beef and veal
41 pounds of pork
9½ pounds of poultry
194 eggs
111 liquid quarts of milk
14½ pounds of cheese
46 pounds of fats (including 11 lbs. of butter)
207 pounds of vegetables
136 pounds of fruit (including 35 lbs. of citrus)
59 pounds of sugar
198 pounds of wheat flour

The EEC study indicates that, by 1970, per capita consumption of poultry will increase 98 percent; for beef and veal, 41 percent; for eggs, 39 percent; for other kinds of meat except pork, 30 percent; for cheese, 26 percent; for fresh vegetables, 29 percent; and, for fresh fruit, 37 percent.

Pork will likely show an increased consumption of 22 percent; butter of 17 percent, and sugar, 23 percent.

Fluid milk, all fats other than butter, grains and potatoes are expected to experience declines or, at best, maintain their present levels of per capita usage.

It is predicted that, in the EEC, total consumption of all meats will increase by the

end of this decade by more than 40 percent or 3.7 million metric tons.

The rise in meat consumption will be particularly large in the Federal Republic of Germany, where an expected increase of 1.4 million metric tons will be spread equally over beef, pork and poultry. Italy will increase its use of beef and veal but little in the case of pork, while France will consume more beef and veal and little additional pork and poultry.

The Netherlands and Italy are probably going to increase their consumption of milk and dairy products some 40 to 50 percent and there may be as much as a 20 percent rise in the use of milk products in France and Germany. Little gain is anticipated for Belgium and Luxembourg, the study shows.

During the 1958-1970 period, consumption of

all dairy products (in terms of fluid milk) will probably increase by 12.1 million metric tons or 25 percent with a considerable rise in consumption likely in France, Germany and Italy and expanded use of butter in the Netherlands.

By 1970, France and Italy will probably account for 70 percent of the consumption of cheese in the EEC. Per capita use of cheese in those countries is on the rise.

In all EEC countries, with the possible exception of France, sharp increases in consumption of home-grown fruit is expected. Germany and the Netherlands are rapidly growing as major outlets for citrus fruit.

Most of the increase in sugar consumption will come from Italy and the total amount of sugar consumed in the EEC will probably increase 1.5 million metric tons by 1970.

FRENCH AGRICULTURE UNDERGOES REORGANIZATION

France is the largest agricultural producer in the Common Market. As stated at the outset of the preceding article, France is the key to farm production in the Community.

Since the end of World War Two, the French have systematically rebuilt their agricultural plant and are now taking steps to make it increasingly efficient.

Almost half of the Community's arable land is in France which, in 1962, produced 43 percent of all EEC grain. In 1961, France accounted for 35 percent of all meat, 36 percent of all milk and 29 percent of all butter produced in the Community.

Historically, France has been plagued by a system of maintaining small farms. In some areas, a section of 250 acres of farmland may be divided into as many as 1,000 parcels owned by perhaps 100 farmers.

In 1962, France adopted legislation designed to help farmers consolidate such scattered holdings into larger, more economic and efficient units.

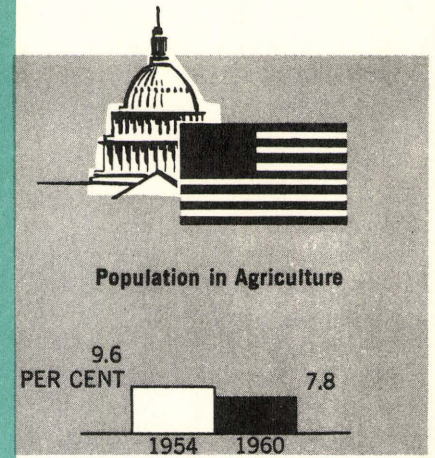
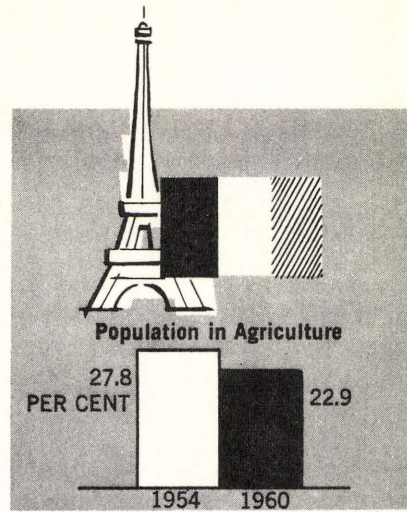
At the same time, France is conducting programs similar to those in the United States to re-train and re-locate those wishing to leave farms to work in industry. Pensions are also provided older farmers wishing to retire.

In some areas, where abandoned farmland has gone to scrub, reclamation projects are now being launched. This not only revitalizes wasted acres but makes it possible for French farmers to replace some of the acres lost as a result of urban expansion in recent years.

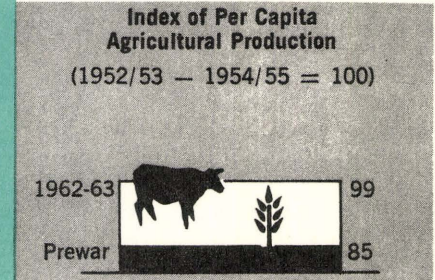
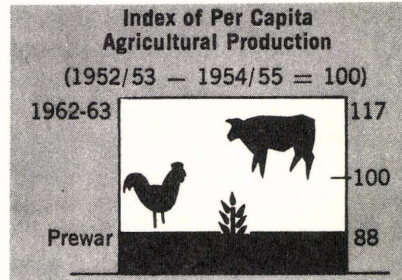
A comparison of the relative importance of agriculture in the economy of France and the U.S. has been prepared by the Economic Research Service and Foreign Agricultural Service of the U.S. Department of Agriculture, as shown on the next page.



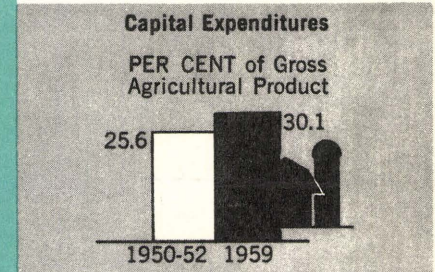
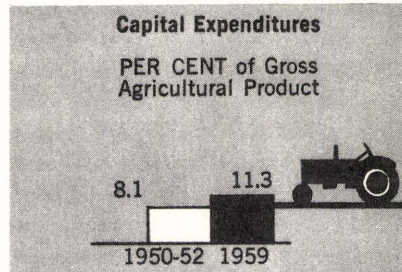
Small farm units and limited mechanization have hampered French efforts to increase agricultural output. It has thus required a larger portion of the French population to produce the nation's food and fiber than is the case in the United States. Now, the government of France is taking steps to consolidate and modernize farms.



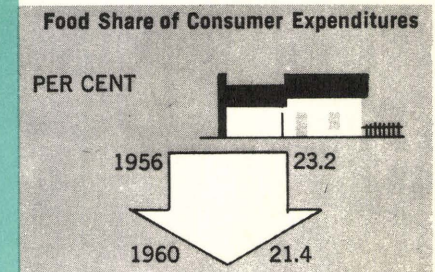
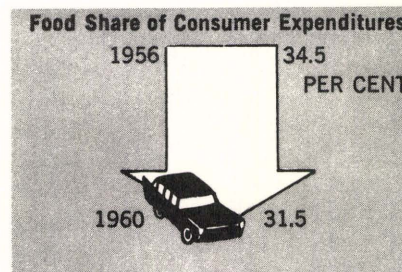
Since the 1953-55 period, farm output per capita in France has increased at a more rapid rate than it has in the U.S. One reason is that France has tried to increase production while the United States has - for some surplus commodities - sought to reduce or limit production. Another reason is that France started this era of growth with a smaller agricultural base than did we.



Nearly one-third of the gross agricultural product of the U.S. is plowed back into agriculture as a capital expenditure even though U.S. farms are already heavily mechanized. However, spending for machinery and other capital goods is not growing as fast as it is in France on a percentage basis.



The U.S. consumer spends a smaller proportion of his income on food than the French do. One reason is our higher income and another is the costly French merchandising system which is now being attacked and streamlined.



GLOSSARY

THE IMPORTANCE OF AGRICULTURE IN THE COMMUNITY

Products	Year	Production '000 metric tons	Percent of needs met by production within Community
Wheat	1961-62	23,060	86.0
Feed Grains	1961-62	26,495	71.5
Rice	1961-62	659	87.6
Sugar	1961-62	4,746	90.7
Vegetables	1961-62	21,097	104.8
Fruits (all)	1961-62	11,914	82.8
Citrus (only)	1961-62	1,367	42.7
Meat	1960-61	9,108	96.2
Eggs	1960-61	1,806	89.9
Cheese	1960-61	1,321	98.7
Butter (pure fat)	1960-61	857	97.5
Fats & oils	1960-61	1,491	44.8

EEC COMMISSION: The Commission (also known as the Common Market Commission) consists of nine members, one of which represents farm interests, whose task is to supervise the gradual establishment of a full Common Market in which trade restrictions will be abolished and all goods, services, capital and labor will circulate freely.

GUIDE PRICE: The price level to be sought for beef. Member governments are to aim as closely as possible at the guide price and keep it in mind when framing their domestic policies on the beef market. However, it is not a guaranteed price.

INTERVENTION PRICE: The support price level to be guaranteed producers by the Community.

TARGET PRICE: The base price for grains, determined in the marketing center of the region of the Community with the least adequate domestic supplies. During the transition period through December 31, 1969, target prices are fixed for each member country separately and, subsequently, for the Community as a whole. They are fixed before the winter sowing and come into force at the beginning of the marketing season for the crop.

THRESHOLD PRICE: Used for calculating levies, a threshold price is fixed at a level that will bring the selling price of imports up to the target level in the Community region with least adequate domestic supplies.

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C-A-P TIME TABLE

The Council of Ministers has agreed to the following specific time-table for 1964 action on the Common Agricultural Policy:

By April 15, grain prices for the 1964-65 marketing year are due to be fixed on the basis of the EEC Commission's recommendations.

By April 1, the new common policies for dairy products, beef and veal, are expected to come into operation. By July 1, the new common policy for rice is due to go into effect.

By June 1, the Commission plans to submit a draft regulation for fats, based on guidelines set by the Council of Ministers. The Council hopes to make a final decision by November 1.

In addition, the Commission is expected to draft a regulation for the sugar market and a proposal for Community rules regarding quality wines produced in certain areas.

The Council must also act on proposals for the standardization of health regulations on fresh meat, cattle, pigs, poultry and meat products.



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