



COMMON MARKET FARM REPORT

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

1964 YEAR OF SUCCESS FOR COMMON AGRICULTURAL POLICY

The grain price decision of December 15 was without doubt the most important event in the Community during the year.

But 1964 was marked not only by the continual discussions and final adoption of the Mansholt Plan, but also by detailed work enabling the farm policy machinery to be extended to three new product groups: beef and veal, dairy produce, and rice.

In February the Council adopted the basic regulations on these products. The new trading arrangements came into operation on September 1 for rice and on November 1 for dairy produce and beef. The common organization of markets in the Community now covers 85 per cent of agricultural produce.

- The Council adopted in February 1964 the regulation on the grant-of-aid from the European Agricultural Guidance and Guarantee Fund and the financial regulation governing that Fund. The two regulations came into force on July 1.

- Efforts to improve the market organizations which have already been in operation for two years have continued. In August 1964 the system of intra-Community refunds on eggs and poultry and on pork was simplified. Asparagus and cucumbers were added to the list of products coming under the market organization for fruit and vegetables. In April the Commission submitted a draft regulation concerning quality wines produced in specific regions.

- The Council of Ministers is studying proposals concerning new products to be covered by market organizations. In March 1964 the EEC Commission submitted to the Council a

proposed regulation on the progressive establishment of a common policy in the sector of oils and fats of vegetable and marine origin, the system to be applied to these products from the Associated countries and the introduction of a charge on oils and fats (see story page 2).

- The Commission submitted to the Council a report on the coordination of forestry policies in the Community. In November the Commission submitted a draft regulation on measures to be taken in the case of supply difficulties in the agricultural sector.

- The Council issued two directives on the harmonization of veterinary law. They concern intra-Community trade in cattle and pigs and in fresh meat. Proposals for the harmonization of regulations on agricultural seeds and seedlings, and for the marketing of beet seed, cereal seeds, seed potatoes and reproduction material are now under consideration by the Council.

- The Commission put forward three proposals for directives on the harmonization of laws on foodstuffs. One concerns anti-oxygen agents, and the other two are supplementary to the directives on coloring matters and preservatives. The Council is studying a directive on the introduction of Community methods of analysis for official tests of animal feed.

VICE PRESIDENT MANSHOLT TO SPEAK IN DES MOINES

Sicco L. Mansholt, Vice President of the Commission of the European Economic Community, will speak on February 11 at the National Farmers Institute in Des Moines, Iowa.

EEC COMMISSION PROPOSES COMMON POLICY FOR FATS AND OILS

The Commission of the European Economic Community has submitted three proposals to the Council of Ministers concerning the introduction of a common policy for fats and oils of vegetable origin or derived from fish or marine mammals.

The proposals contain:

- (a) A draft regulation establishing a common organization of markets in oils and fats;
- (b) A draft regulation concerning the system applicable to oil seed products imported into the Community from the Associated African States and Madagascar and the overseas countries and territories;
- (c) A proposal concerning the introduction of a charge on vegetable and marine fats for use as foods.

The date for application of these regulations would correspond either to the opening of the marketing year for olive oil (November 1) or to that of the marketing year for oil-seeds grown in the Community (July 1).

The new regulation is based on the free importation of oil-seeds in view of the Community's important role in world trade in such products and in accordance with consumers' interest. It places the produce of associated overseas states and territories in a special position and provides for direct aids to Community producers. Special provisions guarantee the living standard of olive-oil producers in the Community.

The market organization will cover all fats of vegetable or marine origin and particularly oil-seeds and fruit and the flours of the same (excluding mustard), fats and oil of fish and whales, vegetable oils, margarine, lard substitutes, oil-cake, olives and olive-cake.

The difference in the proposed solutions

for olive oil and other fats (see below) is explained by the fact that production of olive oil from olives grown in member countries covers 70-80 per cent of consumption; oil-seed production covers only 5-10 per cent.

TRADING SYSTEM ESTABLISHED

As soon as the regulation comes into force the common customs tariff will apply to oil-seeds and olives other than those intended for preserving, and custom duties between member countries will be abolished.

These duties will be nil for most oil-seeds and fruits and for oil-cake.

For processed products, the duties range from 3-8 per cent for vegetable oils for technical and industrial uses and from 9-15 per cent for those for use as food. The duty on margarine is 25 per cent.

For these products alignment of the common customs tariff and intra-Community dismantling will have to be carried out progressively at the pace set by the Rome Treaty and the decisions on acceleration of dismantling the internal duties.

The application of any quantitative restriction or measure with equivalent effect, recourse to minimum price system and the imposition of duties other than those laid down in the new regulation will be forbidden.

SPECIAL RULES FOR OLIVE OIL

A single Community market for olive oil will be introduced without any transition period.

For olives other than those intended for the preserving industry and for olive oils a system of levies will be introduced. Community producers of olive oil are guaranteed a "norm" price - not in existence in the other market organizations - representing a fair return for producers.

If the target price (see Glossary) is lower than the "norm" price, producers' remuneration is supplemented by direct aids.

Measures on the internal market include the constitution of carry-over stocks from one marketing year to the next and the conclusion of stocking contracts with holders of olive oil. A Community program to improve production and marketing structures and the

economic situation of olive growing regions (principally in southern Italy) is to be drawn up before January 1, 1966.

When olive oil is imported from non-member countries a levy will be applied representing the difference between the target price and the cif price. The cif price is determined by the Commission according to the best terms offered on the world market.

When olives are imported, in addition to the duty, a levy calculated on the basis of the levy applicable to olive oil will be applied. This levy will be reduced by the amount of customs duty charged - so as to avoid double taxation - and increased by an amount equal to the aid granted to Community producers.

All trade in olive oils and olives with non-member countries is subject to import or export license.

PRODUCTION OF OIL SEEDS CONSIDERED

Since the import of other oil-seed products is subject only to custom duties, measures are planned which make it possible to maintain a certain volume of production of oil seeds in the Community for both social and technical reasons (particularly the rotation of crops in certain areas). The products covered by these measures are colza, rape and sunflower.

In each member state, purchase on the market of home-grown seeds until the 1968/69 marketing year, and seeds of Community origin thereafter, will entitle the buyer to a bonus. This will be equal to the difference between the "norm" price and the world market price.

In order to calculate the amount of the bonus a "norm" price and an intervention price will be fixed by each member state for each type of seed. Common "norm" and target prices will be fixed from the 1968/69 marketing year onwards.

During the first three months of the marketing year the purchaser will also receive degressive compensation for stocking.

In each member state an intervention agency is required to buy at the intervention price any home-grown oil seed offered.

SPECIAL RULES FOR EEC ASSOCIATES

The EEC countries apply intra-Community duties to the imports of products from the associated overseas states and the overseas countries and territories.

For oil seeds, which are exempt from duty in trade with all countries, the Community will apply, in the event of any grave disturbance of trade, special measures to facilitate trade with associated countries.

A special aid system is applied to groundnuts, copra, palm nuts and kernel, palm oil and oil extracted from the products mentioned originating in the associated countries and imported into the Community.

TAX ON OILS AND FATS PROPOSED

Aids and intervention provided for in the draft regulation will be financed on the one hand by a charge on fats and oils of vegetable and marine mammal origin consumed in the Community, for which a maximum total of 87.5 million units of account has been fixed, and on the other hand by the European Agricultural Guidance and Guarantee Fund (EAGGF).

The Federal Republic of Germany and the Netherlands are authorized to postpone the introduction of the tax for one year provided that they secure to the Community by any appropriate means receipts of an equivalent amount.

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Additional information about the draft regulation on oils and fats including the text of the draft regulation (in French) may be obtained by mail or phone from the European Community Information Service Washington Office (see last page for address; phone 202 296-5131) or New York Office (2207 Commerce Building, 155 East 44th Street; phone 212 MU 2-0458).

EEC LIVESTOCK PRODUCTION REMAINS UNCHANGED

According to figures given by the Statistical Office of the European Communities, by 1963 livestock production had ceased to grow in the EEC. The overall figures for this year are virtually the same as those reached in 1962.

	1962	1963
Total livestock in EEC ('000 units)	53,769	53,201
Meat production in EEC ('000 metric tons)	10,575	10,552
Milk production in EEC ('000 metric tons)	65,662	65,804

The total stock of animals declined by 1 per cent, with only fowls and pigs increasing in number. Total meat production marked time at rather more than 10 million metric tons, with a decline of pork and veal production offset by a further increase of poultry-meat (6 per cent).

Milk production was again 65,800,000 metric tons, although the number of cows declined. The average yield per cow in the Community rose by 2 per cent from approximately 6558.2 to 6615.5 pounds.

Although meat production remained unchanged from 1962 to 1963, between July 1961 - June 1962 and July 1962 - June 1963 meat consumption rose from 123.2 pounds to 127.6 pounds per head of the population.

Meat Consumption per Head
in EEC Countries

July 1962 - June 1963

Germany	140.8 lbs.
France	171.6 lbs.
Italy	72.6 lbs.
Netherlands	105.6 lbs.
Benelux	132.0 lbs.

In France more than twice as much meat was consumed as in Italy. The general increase in consumption was mainly accounted for by heavier consumption of beef.

Among dairy products, consumption of butter, cheese, and sterilized milk rose. Consumption of fresh milk declined and that of condensed milk increased.

FLUCTUATIONS IN PORK PRICES FORESEEN

The "pig cycle" is the constantly recurring "seesaw" movement of prices of pigs for slaughter caused by fluctuations in supply due to changes in the pig population.

In the EEC prices were very high at the end of 1963 and beginning of 1964, but in the first half of 1965 there will probably be a good supply of fatstock, and prices will therefore be low. They will reach their lowest point early this year.

As the situation is the same in all the EEC countries and most of the rest of Europe, a relatively steep fall in prices is to be expected.

Long experience has shown that the price trend for young pigs gives advance warning of the movement of prices of slaughter animals. Prices for young pigs were unusually high in 1963, and since October 1964 they have plummeted. This is a sure sign that supplies of young pigs became much more plentiful in the intervening period.

Prices for young pigs, influenced by seasonal factors and the pig cycle, will recover in the next few months and reach quite a high level again in the middle of 1965.

The price of pigs for slaughter will follow a similar course until the end of 1965; i.e., they will remain very low in the first six months but will then rise and reach a very satisfactory level by the end of the year.

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