



COMMON MARKET FARM REPORT

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

11 COUNTRIES PRESENT AGRICULTURAL OFFERS IN KENNEDY ROUND TRADE NEGOTIATIONS

Eleven countries submitted agricultural offers on September 16 in the Kennedy Round negotiations in Geneva, marking the resumption of talks after the summer recess of the General Agreement on Tariffs and Trade (GATT).

Countries meeting the fall deadline were Argentina, Australia, Austria, Canada, Denmark, Finland, Great Britain, New Zealand, Sweden, Switzerland, and the United States.

The European Economic Community, represented by the Commission, was unable to submit its offers as scheduled because of the deadlock in the Council of Ministers which occurred in July over the financing of agricultural policy in the Community. The disagreement, resulting in France's subsequent absence from Council meetings since that time, has prevented approval of a negotiating mandate for the Commission on agricultural products.

"REASONS BEYOND ITS CONTROL"

A Commission spokesman said that "for reasons beyond its control" the Community could not table its offers but hoped that its obligations could be fulfilled at a later date. The Greek delegation also pointed out that commitments under its country's association with the Community also prevented its presentation of offers at the moment.

Japan declared its intention to table offers, delayed for technical reasons, at a later date. Norway will follow suit after the formation of its government. Poland and Czechoslovakia will also participate in the agricultural negotiations under special GATT arrangements.

CEREAL TALKS TO CONTINUE

The EEC Commission will continue to participate in the discussions on a world cereals agreement under a mandate from the Council given prior to the July impasse. Studies in the GATT cereals group for a world agreement began in June follow-

ing the submission of grains proposals by the EEC, the United States, and five other partners. Offers on agricultural products other than grains will be examined by the countries that presented negotiating bids on September 16 and subsequently.

In a statement on August 19 announcing United States intention to submit offers on September 16, Christian Herter, the President's Special Representative for Trade Negotiations, stated that "As regards the EEC we understand the difficulties confronting it at this time and hope they may be resolved. We anticipate that the EEC, which occupies a key role in the negotiations, will be able to table agricultural offers, if not on September 16, then at an early date."

A government spokesman said on the same day that the U. S. was submitting its offers to keep up the momentum of the Kennedy Round talks. He indicated that the agricultural discussions would be carried on without the Community until the time when the Commission was able to present its offers.

Record Wheat Crop Predicted

The best wheat harvest since the war is expected in the Community this year, principally because of a very good crop in France and Italy.

The Statistical Office of the European Community predicts a wheat crop of 29.9 million metric tons compared with 29.3 million tons last year and 24.6 million tons in 1963. The barley harvest is expected to reach the 1964 level of 11.9 million tons.

Production of oats and mixtures of summer cereals will be down to 6.9 million metric tons from 7.3 million tons last year. The rye and mixed wheat-rye crop will also drop to 3.9 million tons from 4.8 million tons in 1964. Corn and rice crops will increase, but the potato harvest will probably be the lowest since the war.

ANIMAL FEEDS REPRESENT LARGEST PART OF COMMUNITY GRAIN UTILIZATION

An increasing proportion of Community grain supplies is being used for animal feed as compared to human consumption. This tendency is clearly shown in statistics recently released by the Statistical Office of the European Communities.

Whereas only 47 percent of the grain consumed in the EEC in 1955-6 went for animal feed, according to Table 1, the percentage last year was 56 percent, indicating the growing importance of animal feed in overall grain utilization. Grains used for human consumption represented 42 percent in 1955-6 and only 33 percent in 1963-4. The additional 11 percent in both years was utilized for industrial purposes and plantings.

67.6 MILLION TONS CONSUMED

Total consumption of grains in the Community last year was 67.6 million metric tons, an increase of 22 percent over the 55.5 million tons of 1955-6. These figures are broken down in Table 2 which shows that 38.2 million tons went for animal feeds in 1963-4, 22.3 million tons for human consumption, and the remainder of 6.7 million tons for seeds and industry. The feed tonnage is an increase of 47 percent over 1955-6, whereas the actual amount used for human consumption declined by 4 percent.

It can therefore be seen that all of the increase in Community grain consumption has resulted from animal feeds. This trend is reflected in all the member states and results from a marked increase in consumption of livestock products accompanied by a fall in demand for cheaper foods with a carbohydrate basis.

HIGH FEED PROPORTION IN NETHERLANDS

The Netherlands has a particularly high proportion of grains used for animal feeds, 72 percent. Italy utilizes the smallest proportion, 47 percent, for this purpose, although almost 90 percent of Italy's grains other than wheat go into animal feed. Ninety-nine percent of its wheat supplies are consumed by humans, as was also the case in 1955-6. The tonnage of grains used for animals in Italy increased 141 percent from 1955 to 1964, and this growth rate has been particularly marked in the last year.

PER CAPITA CONSUMPTION

Human consumption of grains per person is also shown in Table 2, with Italy having the highest amount and the Netherlands the lowest. The figures for all EEC countries indicate the trend of decreasing per capita consumption, particularly in Germany and Belgium/Luxembourg. The overall Community decline for all grains has been 12 percent since 1955 and for wheat alone, 9 percent. Italy is the only Community country whose per capita wheat consumption has not decreased.

The greater percentage decrease of per capita consumption over the percentage decline of total human consumption is explained by the 13.9 million growth in Community population during the years 1955-65.

SELF-SUFFICIENCY IN GRAINS

Table 4 shows that the Community is self-sufficient only in barley; it remains a net importer

Table 1.
GRAIN USES
BY PERCENTAGE

| | Germany | France | Italy | Netherlands | Belgium/ Luxembourg | EEC |
|-----------------|---------|--------|-------|-------------|------------------------|-----|
| Animal Feed (%) | | | | | | |
| 1955-56 | 50 | 53 | 28 | 65 | 54 | 47 |
| 1963-64 | 56 | 62 | 47 | 72 | 58 | 56 |
| Human Food (%) | | | | | | |
| 1955-56 | 37 | 34 | 63 | 30 | 36 | 42 |
| 1963-64 | 28 | 28 | 46 | 22 | 31 | 33 |
| Other Uses (%) | | | | | | |
| 1955-56 | 13 | 13 | 9 | 5 | 10 | 11 |
| 1963-64 | 16 | 10 | 7 | 6 | 11 | 11 |

Table 2.
UTILIZATION
AND SUPPLIES
OF GRAINS
IN THE EEC

| | 1955-6 | 1958-9 | 1960-1 | 1962-3 | 1963-4 |
|-------------------|--------|--------|--------|--------|--------|
| Animal feed | 25.9 | 29.7 | 33.2 | 35.4 | 38.2 |
| Human consumption | 23.1 | 22.8 | 22.7 | 22.5 | 22.3 |
| Seeds | 4.0 | 3.4 | 3.3 | 3.6 | 3.3 |
| Industrial uses | 2.1 | 2.6 | 2.9 | 3.1 | 3.4 |
| Total | 55.5 | 58.8 | 62.6 | 65.0 | 67.6 |
| Output (net) | 48.0 | 49.4 | 53.3 | 57.8 | 56.7 |
| Exports* | 3.3 | 2.6 | 3.4 | 5.5 | 7.0 |
| Imports* | 11.4 | 12.2 | 13.8 | 15.1 | 16.4 |

* Does not include intra-Community trade

Table 3.
PER CAPITA
CONSUMPTION
OF GRAINS
IN THE EEC

| | Germany | France | Italy | Nether-lands | Belgium/ Luxembourg | EEC |
|---|---------|--------|-------|--------------|------------------------|-------|
| Human consumption of wheat per person (Pounds) | | | | | | |
| 1955-6 | 137.9 | 223.3 | 266.4 | 168.5 | 207.7 | 204.6 |
| 1963-4 | 113.7 | 197.8 | 266.4 | 147.4 | 178.2 | 185.5 |
| % Decrease | 18 | 11 | 0 | 13 | 14 | 9 |
| Human consumption of all grains per person (Pounds) | | | | | | |
| 1955-56 | 204.8 | 227.9 | 287.8 | 191.6 | 222.9 | 235.4 |
| 1963-64 | 161.9 | 200.9 | 278.5 | 160.8 | 181.7 | 206.4 |
| % Decrease | 21 | 12 | 3 | 16 | 18 | 12 |

of other grains, corn in particular. It can also be seen that the Community's self-sufficiency percentages have scarcely varied since 1955, except for barley, and in most cases the degree of self-sufficiency has declined. This trend is reflected, of course, in the larger imports shown in Table 2.

France is the only Community country which produces sufficient grains of all kinds to meet home demand. The Netherlands must import from Community and non-member countries 66 percent of its grains supplies, and Belgium/Luxembourg import 44 percent. Germany must buy 22 percent of its grains outside the country, and Italy purchases 33 percent elsewhere.

COMMUNITY GRAINS TRADE

Community grains imports from non-member countries totaled 16.4 million metric tons in 1963-4, the largest importer being Italy with 5.5 million tons. Germany ranked second with 4.2 million tons, followed by the Netherlands with 3.8 million, Belgium/Luxembourg with 1.7 million, and France with 1.2 million.

Community exports to non-member countries last year amounted to approximately 7 million tons, the bulk of which was shipped by France, 4.4 million tons, and Germany, 1.6 million tons. The Community thus had a grains deficit on balance of 9.4 million tons.

Table 4.
DEGREE OF
SELF-SUFFICIENCY
IN THE EEC

| (%) | Wheat | Rye | Barley | Oats | Corn | Total |
|----------------|-------|-----|--------|------|------|-------|
| Community | | | | | | |
| 1955-6 | 94 | 93 | 68 | 94 | 70 | 86 |
| 1958-9 | 91 | 99 | 74 | 92 | 66 | 84 |
| 1960-1 | 89 | 95 | 99 | 92 | 63 | 85 |
| 1962-3 | 108 | 96 | 94 | 94 | 45 | 89 |
| 1963-4 | 91 | 96 | 106 | 94 | 52 | 84 |
| Member states | | | | | | |
| 1963-4 | | | | | | |
| Germany | 80 | 99 | 76 | 92 | 3 | 78 |
| France | 110 | 108 | 160 | 103 | 123 | 122 |
| Italy | 88 | 94 | 26 | 74 | 47 | 67 |
| Netherlands | 44 | 68 | 82 | 90 | 0 | 34 |
| Belgium/Luxem. | 74 | 77 | 83 | 92 | 0 | 56 |

Community Grants Approved for Agricultural Projects

The Commission has approved over nine million dollars in Community financial aid to fifty-seven agricultural projects for modernization and rationalization of Common Market farming.

The assistance falls under the guidance section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and is the first Community aid to be designated for this purpose. The grants are to be given the member states for projects which were carried out in 1962-3. EEC financial contributions are granted retroactively after acceptance of projects submitted to the Commission.

Of the total sum \$4,146,602 has been approved for structural improvements of farms, particularly regrouping and irrigation; and \$4,910,320 has been granted for amelioration of distribution and marketing of products for which Community market organizations exist, in particular, fruits and vegetables and dairy products.

The money will come from the EAGGF which is financed by contributions of the member states. Community aid to the projects will only partially cover their costs. The funds approved under the guidance section represent about one-

third of the amount fixed for guarantee expenditures in 1962-3, that is, for market intervention and export subsidies.

Altogether 207 projects were presented to the Commission for consideration, from which the 57 were selected.

Sums distributed and number of projects per country are shown in the table below:

| FUNDS APPROVED FOR AGRICULTURAL PROJECTS IN THE EEC 1962-63 | Projects | Structural Improvements | Marketing, Distribution | Total |
|--|----------|----------------------------|----------------------------|------------|
| | Belgium | 7 | \$ 16,945 | \$ 686,806 |
| France | 10 | 1,944,058 | 7,429 | 1,951,487 |
| Germany | 9 | 755,625 | 1,802,010 | 2,557,635 |
| Italy | 27 | 979,974 | 2,089,490 | 3,069,464 |
| Netherlands | 4 | 450,000 | 324,585 | 774,585 |
| EEC Total | 57 | 4,146,602 | 4,910,320 | 9,056,922 |

(Luxembourg did not present any projects for 1962-3.)

Approximately \$16,617,000 is available for guidance projects carried out in 1963-4. Examination of the 270 projects submitted by the member states for that year has already begun.

An appropriation of \$58,561,000 has been included in the Commission's 1966 draft budget for guidance projects during 1964-5. Member states have sent in 580 applications for aid to projects in that year.

Meat and Livestock Directive Submitted to EEC Council

The Commission has submitted to the Council of Ministers a draft directive concerning health requirements and health controls on imports of live cattle and pigs and fresh meat from non-member countries. The directive foresees that member states will pass the necessary legislation by December 31, 1965 to conform to its provisions, pending approval by the Council.

This proposal is the counterpart of a directive passed on June 26, 1964, which required member countries to establish uniform rules for intra-Community trade in livestock and fresh meat. These uniform provisions were in effect by June 30, 1965.

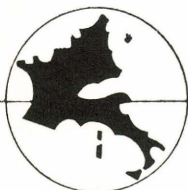
The earlier directive states that provisions of member countries' domestic legislation on non-Community imports must not be more lenient than rules for intra-Community trade. The Commission judges, however, that free movement of

animals and meat within the Community will be hindered until uniform rules and procedures are established for third country imports.

The draft directive provides that the same health conditions shall be imposed on imports from non-members as apply to intra-Community imports. It lays down certain diseases whose existence in non-member countries will prevent Community importation of their products, unless an inoculation period has been observed. However, exceptions are possible concerning time limits and the geographical scope of the ban if health guarantees furnished are satisfactory.

Administration of the new import controls will be carried out by a proposed Veterinary Committee composed of representatives of the Commission and the EEC member states. This Committee will be able to take decisions on exceptions to the directive's provisions, subject to appeal to the Council of Ministers.

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