



COMMON MARKET FARM REPORT

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

COMMISSION STUDY SHOWS LARGE EXPANSION OF EEC AGRICULTURAL TRADE SINCE 1958

Agricultural imports from non-member countries, particularly the United States, now account for nearly four-fifths of the European Economic Community's total agricultural trade, according to a report published by the EEC Commission.

The report appeared in the November edition of the Newsletter on the Common Agricultural Policy and is based on statistics compiled by the Statistical Office of the European Communities.

The study shows that imports of all farm products from non-member countries have risen 37.9 per cent from \$7,356 million in 1958 to \$10,143 million in 1964. Imports from Community countries increased in the same period by 126.4 per cent from \$1,246.1 million to \$2,821.7 million. These figures indicate that the Community's share of members' agricultural imports is now 21.7 per cent while the non-member share represents almost four-fifths of the total.

REGULATED IMPORTS

For products coming under Community agricultural regulations - grains, poultry, fruit and vegetables, dairy goods, beef, pigmeat, eggs and wine - imports of these products from non-members have also risen

considerably since 1958, 32.1 per cent, to \$2,721.9 million in 1964.

Total imports of farm products from the United States have increased even more than the overall increment. (See *Common Market Farm Report*, Number 22, July 20, 1965.) Since 1958 U.S. agricultural exports to the EEC have risen 83.1 per cent to \$1,627.2 million in 1964 and now represent 16 per cent of total Community imports from non-members. These exports increased 21.7 per cent from 1963 to 1964 alone.

SOURCES OF FOOD IMPORTS

Table 1 shows the growth and source of EEC agricultural imports from non-members. Of these imports, 47 per cent are supplied by industrial countries, of which the United States' share is 16.0 per cent and that of EFTA, primarily Denmark, is 11.1 per cent. The developing countries provide 45.8 per cent of extra-EEC imports - 11.5 per cent from the African associates and 17.2 per cent from the Latin American countries. State-trading countries' exports represent 7.2 per cent of the EEC total.

Imports from the industrial countries have in-

Table 1. EEC IMPORTS OF AGRICULTURAL PRODUCTS

	(\$ million)							Growth since 1958 (%)
	1958	1959	1960	1961	1962	1963	1964	
From Community countries	1,246	1,546	1,785	1,967	2,221	2,489	2,821	126.4
From non-member countries	7,356	7,379	8,261	8,251	8,908	9,438	10,149	37.9
<u>Industrial countries</u>	3,137	3,176	3,609	3,884	4,095	4,337	4,768	52.0
EFTA	869	884	902	905	968	1,094	1,126	29.6
USA	889	900	1,198	1,286	1,299	1,337	1,627	83.1
<u>Developing countries</u>	3,812	3,705	4,076	3,786	4,196	4,370	4,642	21.8
Associated countries	1,262	1,040	1,115	1,089	1,138	1,081	1,164	-7.8
Latin America	1,090	1,165	1,257	1,196	1,489	1,567	1,745	60.1
<u>State-trading countries</u>	388	476	554	566	605	720	728	87.6

Table 2. EEC IMPORTS OF AGRICULTURAL PRODUCTS REGULATED BY COMMON ORGANIZATIONS

	(\$ million)					Growth since 1958 (%)
	1958	1961	1962	1963	1964	
From Community countries	635	985	1,096	1,271	1,471	131.7
From non-member countries	2,054	2,240	2,560	2,509	2,722	32.5
<u>Industrial countries</u>	1,037	1,320	1,419	1,459	1,585	52.8
EFTA	350	337	356	413	406	16.0
USA	253	492	549	544	620	145.1
<u>Developing countries</u>	884	705	946	828	942	6.6
Associated countries	380	295	319	206	225	-40.8
Latin America	233	211	357	347	470	101.7
<u>State-trading countries</u>	132	215	194	220	192	45.5

creased by 52 per cent since 1958, whereas those from developing countries have risen only 21.8 per cent. This discrepancy is explained in great part by the nature of exports from the industrial countries, which are primarily the traditional products such as grains, pigmeat and beef. Consumption of these products, and hence imports, has grown much faster than for tropical products, of which the developing countries are the major exporters. Also, in many industrial countries output is increasing faster than consumption, so that their exports are competing in larger quantities on the world markets with developing countries' products.

GROWTH OF REGULATED PRODUCTS

73.2 per cent of Community imports from non-member countries are not included in the common agricultural policy and face only low or zero tariffs. The remaining imports which are regulated by common organizations are shown in Table 2 and include grains, pigmeat, poultry and eggs, beef and veal, dairy products, fruits and vegetables, and wines.

The increase of regulated imports, 32.5 per cent since 1958, has been much smaller than that for all agricultural imports, and non-member countries supply only 65 per cent of the EEC's needs. Of this amount, the industrial countries account for over 58 per cent, the developing countries for 34.6 per cent, and the remaining 7 per cent comes from the state-trading countries.

The growth of imports of these products has been less spectacular than that for all agricultural goods, as the Community is itself a producer of the regulated imports. The country which has had the most rapidly increasing exports of regulated products to the EEC is the United States with a growth of 145.1 per cent since 1958. Latin America is in second place with 101.7 per cent, owing

primarily to the increased grain exports of Argentina and Uruguay.

GERMANY REMAINS LARGEST IMPORTER

A breakdown of the import figures by country shows that Germany is the largest importer of the Six, taking almost 34 per cent of Community purchases from non-members. Its imports from outside the EEC have gone up 33 per cent since 1958 from \$2,572 million to \$3,424 million in 1964.

Nonetheless, an increasing share of Germany's imports is coming from Community countries. These imports have risen 104 per cent since 1958 to \$1,300 million; and their share in Germany's total agricultural imports last year was 27.5 per cent compared to 19.8 per cent in 1958.

This trend is particularly evident in German imports of regulated products. Farm imports bought outside the Community were up 17.5 per cent from 1958 to \$836 million in 1964, whereas imports from EEC countries increased almost 100 per cent to \$821 million and now represent 50 per cent of Germany's total purchases of regulated products.

The spectacular expansion of Italy's imports makes it the second largest Community importer with 19.7 per cent of EEC agricultural purchases abroad. Italy's purchases have risen 87.9 per cent since 1958 to \$2,000 million last year, and its imports from EEC members have increased 211.5 per cent in the same period to \$400 million. Rapid economic growth in Italy is expected to continue this upward trend.

COMMUNITY AGRICULTURAL EXPORTS

Table 3 indicates EEC agricultural exports to non-member countries, which have also increased considerably, although not in the same proportion as

imports. Exports reached \$2,627 million in 1964, up 36.7 per cent from 1958. Exports of regulated products increased 60.9 per cent to \$1,330 million in 1964.

Before the EEC was formed in 1958, the Netherlands was the biggest exporter of farm products. It still remains the largest intra-Community exporter, but a prodigious increase of French exports has given France the lead in exports to non-members.

The Netherlands' exports outside the Community have grown 23.4 per cent since 1958 to \$713 million, whereas those to EEC countries increased 94.7 per cent to \$988 million. Of this latter amount \$579 million consists of regulated products, 40 per cent of intra-Community trade.

France's exports of all agricultural products to other Community countries have grown 253.3 per cent in the last seven years and of regulated products, 453.7 per cent. These figures compare with an increase of 51.7 per cent for all French farm exports to non-member countries, which now are \$1,028 million or almost 40 per cent of all extra-Community agricultural exports.

Table 3. EEC AGRICULTURAL EXPORTS

(\$ million)	To non-members		To members	
	1958	1964	1958	1964
Community				
All products	1,921	2,627	-	-
Regulated products	826	1,330	-	-
Netherlands				
All products	578	713	508	988
Regulated products	284	382	303	579
France				
All products	677	1,028	222	783
Regulated products	257	571	77	427

EEC GRAIN PURCHASES

The most important feature of EEC cereal imports, as shown in Table 4, is the increase in purchases of feed grains, up 86 per cent from 1958. This rise is indicative of an increasing demand for livestock products in the EEC, necessitating large feed grain imports, particularly corn which comprises almost two-thirds of EEC purchases abroad.

On the other hand, wheat imports have remained constant over the past seven years, as consumption patterns change within the Community. Wheat purchases within the EEC have increased considerably in percentage but only by a small amount in absolute terms, and 81 per cent of Community wheat comes from non-members.

The United States, Canada, and Argentina are the main suppliers of cereals to the EEC, providing 85 per cent of its total grain imports from abroad. The United States has received over 90 per cent of the EEC's purchase increase, and its sales to the

Table 4. EEC CEREAL IMPORTS

(\$ million)

From	All cereals	Wheat	Feed Grains
All non-members			
1958	676	250	426
1964	953	251	702
% Change	41	0	86
USA			
1958	197	52	145
1964	450	82	368
% Change	128	58	154
Canada			
1958	113	110	3
1964	122	97	15
% Change	8	-12	400
Argentina			
1958	145	28	117
1964	239	46	193
% Change	65	64	65

Community have risen 128 per cent since 1958. In particular, feed grain sales have increased 154 per cent.

TRADE IN MEATS

A significant characteristic of the Community's market for major meats - pigmeat, beef and veal, and poultry - has been a rapidly increasing demand for these products resulting in greater imports (See Table 5). Liberalization of trade by EEC regulations has helped prevent major price increases, and prices have tended to level off.

The major supplier of imported pigmeat is the United States with \$56 million in 1964, followed by Denmark, Poland, and the Balkan countries. The imports from the United States have risen 180 per cent since 1958 and now make up almost one-third of total EEC imports.

In 1964, imports of live pigs, bacon and salted meat declined slightly, whereas purchases of fresh

Table 5. EEC IMPORTS AND EXPORTS OF MEAT

(\$ million)	1958	1962	1964	Growth since 1958 (%)
Pigmeat				
From members	39	77	149	282
From non-members	101	103	178	76
To non-members	157	144	149	-5
Beef and veal				
From members	32	88	183	472
From non-members	198	205	496	151
To non-members	23	62	38	65
Poultry				
From members	31	55	77	148
From non-members	31	100	66	113
To non-members	10	12	16	60

pigmeat, sausage and preserved meat increased vigorously, due primarily to more favorable import conditions for the latter under Community regulations. EEC pigmeat exports have declined somewhat since 1958, mainly because of increased home demand.

BEEF AND VEAL

Beef and veal have been in short supply in the last two years, and imports have increased considerably. The leading exporter of these products to the Community, with the exception of 1964, has been Denmark which sends 80 per cent of its production to the EEC. Argentina assumed first place in 1964 through increased delivery of frozen and preserved meat. These two countries together provide over 50 per cent of total Community beef and veal imports, the two next largest suppliers being Great Britain and Yugoslavia.

Since 1963, Italy has been the largest Community importer of beef and veal with \$314 million purchases that year and \$355 million in 1964. Italian imports have been marked, however, by extremely great fluctuations from one year to the next. Germany is the second largest importer, with \$157 million last year.

POULTRY AND EGGS

Community trade in poultry is determined primarily by Germany, which is the world's leading importer of table poultry. In spite of rising production, German consumption has also been increasing rapidly, and the country has only 42 per cent self-sufficiency in poultry.

The EEC's poultry imports from non-members have begun to recover from the decrease in 1963 through greater imports of turkeys, chicken parts, and preserved poultry. The increase of imports since 1958 has been 113 per cent from abroad and 148 per cent from member states, the main producers being the Netherlands, France and Belgium.

The United States is still the largest supplier of poultry to the Community, providing 42 per cent of total imports. United States' sales are

up 833 per cent over the 1958 figure of \$3 million, although the present exports to the Community of \$28 million represent a decline of 48 per cent over the high of 1962.

Egg imports are also dependent on the German market, and production in that country has risen 34 per cent in the last four years with a corresponding decrease in imports. Both total Community imports and exports of eggs have decreased considerably since 1961, the former by 78 per cent, the latter by 28 per cent.

FRUITS AND VEGETABLES

The growth of fruit and vegetable trade has been quite large, and intra-Community exchanges doubled between 1958 and 1964.

Table 6. EEC TRADE IN FRUITS AND VEGETABLES

(\$ million)	1958		1964	
	Members	Non-members	Members	Non-members
Imports				
EEC	217	368	423	480
Germany	174	138	321	218
France	21	183	62	204
Exports				
EEC	200	139	402	181
Italy	123	86	193	107
Netherlands	58	32	144	51

The largest exporter is Italy with over half the Community total, followed by the Netherlands with one-third. Italy's exports to member states have risen 57 per cent in the last seven years, whereas those of the Netherlands have shown an even greater increase of 148 per cent.

Germany is the largest importer of fruits and vegetables, consuming 70 per cent of imports from abroad. France is also a large importer and has tripled its imports from other member countries since 1958.

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