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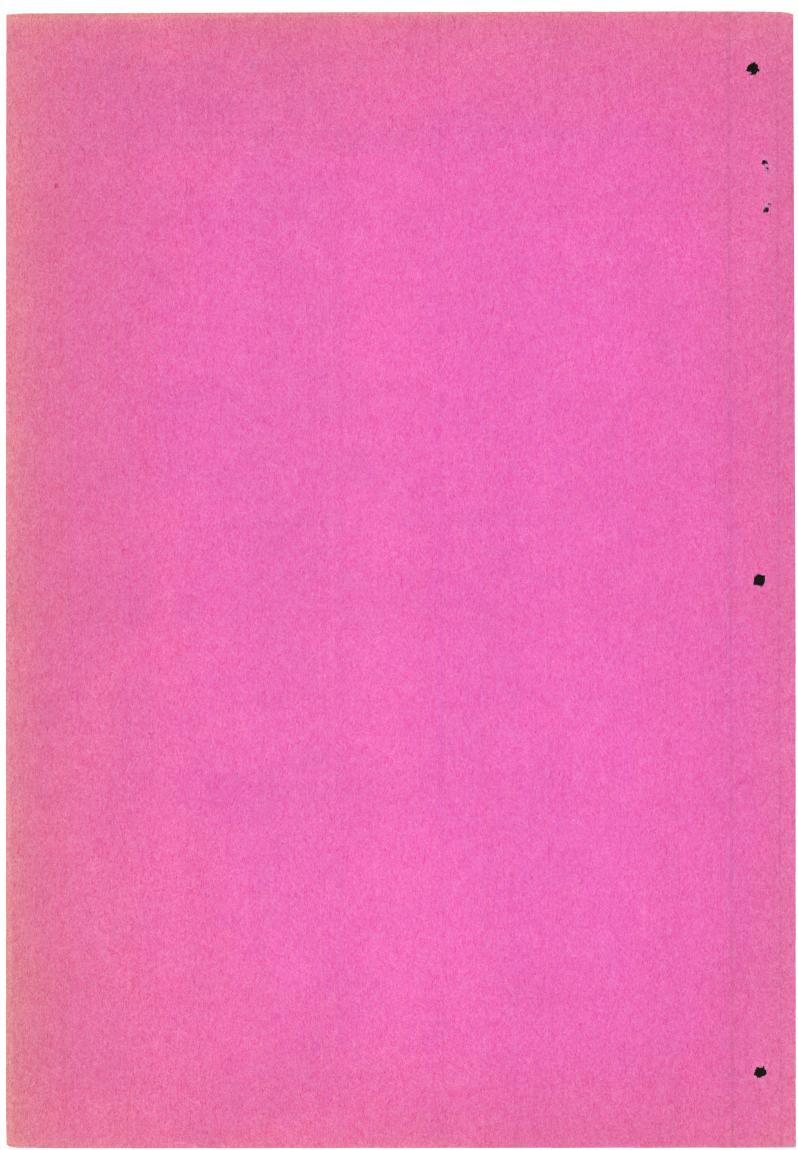
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COMMISSION COMMUNICATION TO THE COUNCIL

Report on the conditions under which preserved mushrohrooms are imported into the Community



COMMUNICATION TO THE COUNCIL

Subject: Report on the conditions under which preserved mushrchrooms are imported into the Community

Introductory note

Preserved mushrooms include both the cultivated ans wild varieties. This study deals only with the case of preserved cultivated mushrooms, which are much the more important, because of the special problems facing the trade in this product in the Community. These problems arise owing to both the competition between producer countries within the Community and the competition from certain non-Member countries exporting to the markets of the Member States of the Community and in particular from those of with the selling prices are specially low.

I. Production

The production of preserved mushrooms has increased considerably in the Community (Table I). In 1966 production amounted to barely 45,000 metric tons, whereas the total production in 1973 was estimated at about 150,000 metric tons. The two chief producer countries in the enlarged European Community are France (105,000 metric tons) and the Netherlands (40,000 metric tons).

Concurrently with the increase in consumption in France, where about 50% of the national production is sold, efforts to market production have been concentrated particularly outside markets, especially West Germany, which is the most promising outlet. Competition between France, the Netherlands and Taiwan is particular fierce on this market. Those three countries account for more than 90% of German imports.

II. Exports

As can be seen from Tables II and III, exports from the European Community to third countries only represent a very small proportion of production, since the greatest part is disposed of in the markets of the countries of the EEC itself. Total exports may therefore be estimated at between 4 and 5,000 metric tons.

III. Imports

On the other hand, imports into the Community from non-Member countries have fluctuated over the last few years around 20,000 metric tons, with Taiwan as the chief supplier (Table IV).

IV. Present trade arrangements

A. Customs duty applicable

- The original Community of Six:
 Common Customs Tarif: 23% autonomous not bound.
- 2. The new Member States :
 - a. United Kingdom : 10 to 15%
 - b. Ireland: a. 50% made up for retail sale
 b. £ 0.025 /1b., others
 - c. Denmark : 27%.

B. Position with regard to Liberalization of trade in the Member States

- a. Federal Republic of Germany: Liberalized, but subject to quantitative restrictions where from countries with planned economies.
- b. France : quantitative restrictions for all origins.
- c. Italy : liberalized.
- d. Benelux: liberalized.
- e. United Kingdom: liberalized, but subject to quantitative restrictions when from countries with planned economies
- f. Ireland liberalized.
- g. Denmark : liberalized.

V. Community supplies

The consumption of preserved mushrooms has gained considerable ground in Europe. It may be observed that although there has been a considerable increase in consumption in the Fedral Republic of Germany and in France during the last few years, it has been much less pronounced in te other countries of the EEC.

The FederalRepublic of Germany is the largest consumer (90,000 metric tons) and also the largest importer in the European Community.

The three main suppliers are France, the Netherlands and Taiwan (Tables IV, V and VI); German production is negligible.

Since 1966 German consumption has twice doubled at three year intervals. Imports arounted to 23,000 metric tons in 1966, 45,000 metric. tons in 1969 and 88,000 metric tons in 1972.

In 1960 France was almost the sole supplier of Germany (with 3,170 metric tons out of 3,788 metric tons of which 62 came from Taiwan). Since 1963 the quantities imported from Taiwan have been flooding the German market where they maintained a dominant position until 1969. In that year, benefiting as they did from intra-Community liberalization. French imports equalled those of Taiwan, and were followed by those of the Netherlands. In 1972 and 1973 France had again become the most important supplier of Germany with 40,700 t and 37,800 t respectively.

As regards the other Member countries, it should be noted that, while production in the United Kingdom (estimated at 10,000 metric tons) and Denmark (7,800 metric tons) is considerable there is practically no external trade.

The three main suppliers share of the Germany market (%)

Country Years	France	Netherlands	Taïwan
1970	28,4	31,5	30,6
1971	31,7	28,7	30,5
1972	46,3	30,3	19,3
1973	34,7	28,2	24,1

VI. Prices

The market in these preserved products is particularly affected by prices, which themselves depend on the protective arrangements and especially on the quantitative restrictions which are still applied in some Member countries. On the open market Community suppliers are subject to strong competition and must take into account the offer prices of imports especially those from the People's Republic of China, South Corea and Taiwan. These prices are undoubtedly influenced by the low cost of labour.

Since the introduction of preserved mushrooms from Taiwan, the German market in preserved mushrooms has been influenced by that country's prices, it having been for a long time the largest exporter with the lowest prices.

In France, because of the constant expansion in production, the industry has been threatened by periods of over- production. However, it was possible to avoid disaster by drawing up an inter-trade agreement, with a view to stabilizing the market by a system of production quotas and levies. The first "boom" in production, with an accumulation of stocks and a drop in prices, was observed in 1967.

Increase in stocks in France in 1000 metric tons

Years	Stocks on 31.12
1966	3,1
1967	8,7
1968	4,3
1969	3.1,5
1970	2,7
1971	7,9
1972	11,6
1973 ,	11,5
1974 (end of august)	19,4

In 1972 a further regression in the French suppliers selling prices was observed (Table VIII), together with an increase in production (Table I), and this resulted in an abnormal increase in stocks. This development during 1972 led the members of the trade to limit expansion of production to 110,000 metric tons, i.e. 10% more than in the previous marketing year. At the end of 1972, before prices were fixed for the following marketing year by Taiwan, French manufacturers negotiated with the Taiwan exporters and on 8.1.1973 concluded an agreement in Taipeh to divide the German market for first quality preserved mushrooms (with the respective quantities of about 30,000 tons fixed for each party, the total of 60,000 t corresponded closely to the projected German consumption in 1973 of first quality preserved mushrooms) and to coordinate their selling prices on that market in such a way as to avoid excessive competition. Except for the first months of 1973 the agreement did not operate. This agreement constituted an infringement of the rules of competition (Article 85) of the Treaty. The Commission had therefore instituted a procedure in application of Article 85 and on 10 June 1974 sent to the French and Taiwanese producers a communication containing the grounds for complaint against their agreement and announcing its intention to impose fines on them, these fines remaining to be determined within the framework of a Commission decision which must be made in the near future. The interested parties have not contested the facts as the Commission has set them out in its communication of June 1974.

VII. Position in 1973

The situation which characterized 1972 - increased exports to the German market, combined with a drop in selling prices - continued during 1973 (Table VIII). It became still more marked as regards exports from Taiwan by reason of the devaluation of the US dollar, since contracts with that country are traditionally expressed in US dollars. The new devaluation of the dollar in February 1973 increased yet further the gap between the Taiwan prices of 1972 and 1973 on the German market. The prices of preserved mushrooms from Taiwan therefore fell during the period January-August 1973 by about 35%. This situation did, of course, create problems for the European producers.

VIII. The reaction from Taiwan

In October/November 1973 the Commission held talks with the Taiwanese exporters with a view to rectifying the situation. The price increase (of 10%) which occurred in September 1973 has since been maintained. With regard to the new 1974 season, Taiwan has communicated to the Commission and subsequently applied prices increased by 12 to 14% as compared with the first prices effective in 1973. They are from 98% to 100% of the prices ruling in 1972 before the fall in prices (Table IX).

Taiwan has also planned to limit its exports to 1 million standard cartons in 1974; instead of 1.3 million as in 1973; and to increase prices again towards the middle of 1974.

Moreover, another phenomenon should be emphasized which will affect any increase in prices. After the publication by Taiwan of the prices for 1974 expressed in US dollars - the position of the dollar having considerably improved - prices converted into DM have become higher.

IX. New suppliers : People's Republic of China, South Korea

Although a certain amount of discipline with regard to prices and quantity can be expected from Taiwan, two other suppliers appeared in 1973 which could be more disturbing, namely the People's Republic of China and South Korea. Until 1973 their exports to the EEC amounted to very little; but in 1973 their exports increased considerably, and were at very low prices (Table X).

X. The situation in 1974

Accompanying the recovery of Taiwan prices, there has been an increase in imports from other Asian countries which are strengthening their position on the Community market by offering extremely low prices which are not only threatening to supplant exports from Taiwan but represent a serious danger to both the production and competitiveness of Community products.

During the first eight months of 1974 the development of this trend has resulted in imports into the Federal Republic of Germany of 13.105 metric tons from the People's Republic of China and 5.034 metric tons from South Korea (see table X). It has also brought about over the same period an accumulation in stocks of mushroom preserves within the Community of over 20.000 metric tons.

CONCLUSION

The rise in Taiwan's offer prices which towards the middle of this year had already risen by 20% in relation to their lowest level of August 1973, has lessened the difficulties with relation to imports originating there. H

However with the increasing shipments and the low prices of other Asian countries similar new problems are arising. In order to deal with these services of the Commission made contact in July 1974 with the authorities of the People's Republic of China and of South Korea with a view to working out rules on exports from these countries. Up to now these contacts have not had any positive results.

In view of this, the Commission, at the request of a Member State, decided to take protective measures relating to this product and these came into force on 9 August 1974

These measures, which began to apply on 26 August 1974, provide principally for import restrictions.

Production of preserved mushrooms in the EEC in metric tons

Country Years	CEE	B _o L _o E _o U	Denmark	France	Ireland	Italy	Nether- lands	Germany	United Kingdom
1966	49,8	2,0	2, 0	39,0	n.d.	0,8	6,0	n.d.	
1967	61 , 8	2,2	2,4	49,0	n.d.	n.d.	8,2	n.d.	
1968	60,9	2,2	1,8	45,0	n.d.	n.d.	11,9	n.d.	
1969	70,7	8,8	1,7	49,0	n.d.	n.d.	16 ₁ 9	0,3.	
1970	88,6	267	2,0	59,0	n.d.	n.d.	24,5	0,4	
1971	113,6	3,8	7,8	71,0	n.d.	n.d.	30,5	0,5	
1972	154.1	4.3	3,1	100,0	n.d.	n.d.	36,0	0,7	10,0
1973	158,8	303	2,6	102,3	n.d.	n.d.	40,0*	0,6	10,0*

* estimate

Percentage of production sold abroad - (intra + extra EEC (%))

country Years	France	Netherlands
1966	24,9	59,5
1967	27,5	67,6
1968	37,8	74.7
1969	39,2	80,5
1970	37,9	93,0
1971	39,9	82,6
1972	50,4	88,

TABLE II

Exports from France-in 1000metric tons

Years	Total	intra-EEC	Non- Member
1966	9,6	6,6	3,0
1967	13,3	10,5	2,8
1968	16,9	14,3	2,6
1969	19,3	16,5	2,8
1970	20,4	19,3	3,1
1971	30,8	27,4	3,4
1972	51,1	47,5	3,6
1973	44,4	41,6	2,8

TABLEAU III
Exports from the Netherlands - in 1000 matric tons

Years	Total	intra-KEC	Non-Member countries
		4.	
1966	3,0	2,9	0,1
1967	4,7	4,5	0,2
1968	7,6	7,3	0,3
1969	11,6	11,5	0,1
1970	19,4	19,1	0,3
1971	21,4	21,2	0,2
1972	27,0	21,8	0,2
1973	29,9	29,7	0,2
	• •		

TABLE IV

Development of imports in the original EEC - in 1000 metric tons

Countries of origin	Total non-Member	of which	Trade within	of v	which		
Years	countries	Taiwan	EEC .	France	Netherlands		
1966	17,1	15,7	8,9	6,6	2,9		
1967	19,7	18,0	14,2	1095	4,5		
1968	24,2	22,5	22,6	14,3	7,8		
1969	20,0	17,3	28,7	16,5	11,8		
1970	23,1	17,2	36,7	19,3	19,1		
1971	27,1	22,0	49.7	27,4	21,2		
1972	20,5	17.0	74,2	47,5	26,7		
1973	n.d.	n.d.	n.d.	n.d.	n.d.		
	` !	1	1				

TABLE V

Imports into Federal Republic of Germany-in 1000 metric tons

Countries			of which	
of origin Years	Total	Taiwan	France	Netherlands
1966	24 ,4	15,4	5•3	2,5
1967	32,0	17,6	9,0	4,1
1968	44,8	22,1	13,8	7:4
1969	46,1	17,0	15,1	11,5
1970	56,0	16,9	15.7	17,4
1971	73:1	22,0	22,8	20,7
1972	88,9	17,0	40,7	26,6
1973	105,9	25,5	36,8	29,9
			Agents of the second se	

TABLE VI
Imports into B.L.E.U. - in 1000 metric tons

Countries		of which					
of origin Years	total	Taiwan	France	Netherlands			
1966	1,2	0,2	0,6	ned.			
1967	1,3	0,4	0,5	n.d.			
1968	1,4	0,3	0,7	n.d.			
1969	1,8	0,2	1,2	0,3			
1970	1,8	0,2	1,2	0,3			
1971	2,8	0,5	1,6	0,7			
1972	3,4	0,5	2,2	0,6			
1973	5,3	0,7	3,5	1,0			
	· ·						

TABLE VII

Imports into Denmark - in metric tons

Countries of		of which				
Years	Total	Taiwan	France			
1966	52,-	n.d.	$\mathbf{n}_{f s}\mathbf{d}_{f s}$			
1967	67,-	n.d.	n.d.			
1968	63 , .	n.d.	n.d.			
1969	53,9	33,5	11,8			
1970	36,8	7,6	12,8			
1971	77.3	29,3	2 6 , 4			
1972	57:5	39,6	9,2			
1973	124,3	46.7	11,2			

TABLE VIII

CIF prices for imports into F.R. of Germany in DM/100 kg net (1)

Years		France					Pays-Bas				Taiwan (2)				
Month	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974
January	377	382	335	278	249	377	397	327	278	261	393	362	350	318	241
February	365	392	322	281	257	376	392	314	306	266	368	403	347	289	236
March	377	409	319	2 90	268	405	392	309	274	269	382	392	339	277	245
April	379	412	312.	273	270	381	393	335	385	285	366	400	327	273	236
May	390	398	303	. 285	260	362	375	291	276	302	365	367	323	253	244
June	s. 376	394	294	274	265	359	369	292	264	286	355	369	334	251	236
July	386	380	292	257	257	384	358	280	265	275	370	359	347	225	250
August	390	374	276	258	262	381	356	286	255	264	367	347	343	203	262
September	399	364	272	246		378	358	295	247		361	332	304	222	
October	392	362	263	252		388	344	292	238		357	328	337	218	
November	401	360	269	254		398	364	289	274		355	341	324	223	
December	406	343	271	249	- •	408	330	309	253	-	366	329	315	241	ŀ
average per year	386	378	291	267		384	368	301	269		384	368	330	246	

⁽¹⁾ i.e., without taking into account the weight of the container. The actual trade prices on the market are, therefore, epproximatively 17% lower.

Source : SPA : WIESBADEN

⁽²⁾ Before customs clearance.

TABLE IX

1974 Marketing year: prices communicated
by Taiwan expressed in US \$ per standard carton

Qua		Whole			Pieces				
cont Period	size of container Period		16 oz 8 oz (1) (2)		5,5 °z 4 °z (3) (4)		16 oz 8 oz (1) (2)		4 oz (4)
1972(5)	A	17,11	8,78	6,48	4,71	15,77	8,14	6,12	4,35
C.+ F.	· В	15,81	8,22	5,93	4,42	14,66	7,59	5,51	4,06
1973 ⁽⁵⁾	A	14,80	7,70	5,44	4,13	13,80	7,15	5,04	3,83
	В	15,33	7,99	5,69	4,28	14,30	7,42	5,23	3,97
	C	15,60	8,13	5 ,7 4	4,36	14,55	7,55	5,32	4,04
1974									
FOB		15,80	8,20	5,80	4,40	14,50	7,40	5,20	4,00
C. + F.	ι	17,00	8,82	6,24	4 , 73	15,59	7,96	5,,59	4 , 30
					1 ,			!	
1974 (C. + I	.) expr	essed in	n% of p	prices					
1972	A	99,3	100,4	98,2	100,3	98,8	97,7	91,3	98,8
1973	Α.	114,8	114,5	114,7	114,5	112,9	111,3	110,9	112,2
	В	111,1	110,3	110,4	110,5	109,0	107,2	106,8	108,3
	.c	108,9	108,4	108,7	108,4	107,7	105,4	105,0	106,4

^{(1) 24} tins 4/4 (16 oz.)

^{(2) 24} tins 1/2 (8 oz.)

^{(3) 24} tins 1/3 (5.5 oz)

^{(4) 24} tins 1/4 (4 oz)

^{(5) 1974} A 1,170,000 standard cartons

B 130,000 standard cartons

¹⁹⁷⁴ A 600,000 standard cartons

B 500,000 standard cartons

C 200,000 standard cartons

TABLE X

Imports into the Federal Republic of Germany from the People's Republic of China and from South Korea

a. per month

Year	Month		P.R. China		South Korea		
·		metric tons (1)	prix (1) DM/100 kg	metric tons(1)	price(1) DM/100kg		
1971	January			145.3	465		
	February		, ***	198,9	481		
	March	133,6	337	327,6	476		
	April	62,8	336	116,2	407		
	May		•	89,3	429		
	June	75,4	267	145,1	476		
	Jūlý:	23,5	281	199,7	480		
	August	67,8	302	352,6	364		
	September	20,4	328	121,8	451		
1	October	43,4	279	91,5	368		
	November	19,3	316	122,2	373		
	December	3,6	250	53,2	344		
1972	January	18,1	282	73,4	320		
	February	7,7	273	157,5	346		
	March	12,1	289	295,4	331		
	April	30,9	323	778,5	346		
, i	May	6,2	306	53,3	456		
	June	10,0	290	58,4	360		
	July	-	-	154,8	314		
	August			3,1	258		
Verender 1984	September	20,9	230	83,4	325		
1	October	1,7	2 94	42,5	353		
	November	-	· •	16,3	288		
	December	5,7	316	33,0	355		

			TABLE X (continued)		
	1973	January	wite	-	43,4	290	
		February	0,8		44,3	282	
		March	689,6	199	180,4	308	
		April	826,8	179	44,4	293	
		May	502,9	200	697,8	254	
		June	260,7	193	336,3	222	
		July	566 ₉ 6	159	449.0	2 24	
		August	382	176	722,9	234	
		September	631,8	161	562,9	212	
		October	455,8	162	631,5	207	
		Novemb er	1.815,5	128	856,3	216	
		December	341,9	180	625,4	231	
	1974	January	1.934,2	187	1.113,7	223	
		February	532,0	189	655,6	216	
1		March	1.599,6	175	1,073,3	218	
•		April	1.155,3	162	831,7	205	
2 (May	1.573.5	192	395,0	230	
*	erly	June July August	1 6 135 93 2 • 550 • 3 2 • 625 • 1	184 191 198	425,3 281,9 351,9	217 218 220	
	Country	of quanti	ties years	1071	1072	1073	10

(D)	arly		L	I.		
	Country of origin	quantities years average price	1971	1972	1973	1974 (8 months)
	P.R. China	metric tons DM/100 kg	450 3 09	113 287	6.474 164	13 • 105 157
	South Korea	metric tons DM/100 kg	1.963 432	1.050 339	5•195 229	5,130 218
1		1	:		1	

⁽¹⁾ net weight : i.e., not taking into account the weight of the container

Source: S.B.A. Wiesbaden

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