



COMMON MARKET FARM REPORT

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

NEW FARM POLICY REGULATIONS COVER RICE, BEEF, DAIRY PRODUCTS

The Common Market Council of Ministers has reached final agreement on the Common Agricultural Policy (CAP) regulations for beef, rice, and milk and dairy products. The CAP for these products, with the necessary financial regulations, means that all major farm products except sugar are now covered by Community rules.

In 1962, the CAP was created for grains, fruit and vegetables, eggs, pork, poultry, and wine. The Council agreed on a policy for rice, beef, and dairy products at its December 1963 "marathon" meeting. In recent months the detailed regulations for these products have been prepared.

Recently adopted regulations provide:

RICE

The rice market will be organized on the pattern of the grain market created in 1962. A target price or base price for rice will be set in the marketing center of the region of the Community with the least adequate domestic supplies. Community countries will purchase rice at a support price set below the target price. A threshold price, set at the same level as the target price, will fix the minimum selling price of imports to the E.E.C.

The Common Market Council has fixed the limits for rice target prices in the E.E.C. countries producing rice, and threshold prices for rice and broken rice in non-producing member states.

The upper limit for the target price per 100 kilograms (220 lbs.) in France will be \$18.32, and the lower limit in Italy will be \$15.29 per 100 kg.

A single threshold price for rice imports is applied in the Community states (Belgium, Luxembourg, the Netherlands, and Germany)

which produce no rice. The threshold price for husked rice was set at \$14.20 per 100 kg. The threshold price for broken rice, based on the husked rice figure, is \$9.66 per 100 kg.

The region which will be used in setting the target price after the end of the E.E.C. transitional period (January 1, 1970) has not yet been chosen. The German government has suggested Frankfurt am Main, but the other governments prefer to wait until the end of the transition period.

The Six agreed that when rice prices are set in 1969, the views of non-producing members will be taken into account. This can either be done when the target price is fixed or by ensuring that there will be only a small difference (4%) between the target price and the support price in the final stage.

The E.E.C. accounts for less than one per cent of total world rice exports. It imports between \$30 and \$45 million worth of rice a year. Total E.E.C. rice production in 1963 was 724,000 metric tons (2200 lbs.) as compared with U. S. production of 2.9 million metric tons.

MILK AND DAIRY PRODUCTS

Upper and lower limits have been set for national target prices for the 1963-64 marketing year, based on the average price of milk off the farm paid to producers in E.E.C. countries in 1963 for all milk marketed. The upper limit was set at 10.5 cents per kg (2.2 lbs.). The E.E.C. Council noted: "This upper limit is so high simply because of the special agricultural situation in Italy."

The sharp increase in Italian prices was not foreseen by the Council when it decided to base the Community price on 1963

levels. Thus it was bound to set the upper limit at this level, though it stated that this level would not be a decisive factor in the future determination of the common target price.

The five other governments pledged that they would set their national target prices for 1964-65 no higher than 9.66 cents per kg. The standard to be used by all countries is milk with a 3.7% butterfat content. The lower limit for 1964-65 is 7.95 cents per kg -- the price paid to Dutch farmers in 1963.

The German government requested the use of 1963 as the base year instead of 1962 as had been decided by the Council of Ministers in December 1963. By using 1963, the Council was able to take into account the increase in German producer prices late last year. The Ministers agreed that the common target price for milk should be set before January 15, 1965 instead of a year later. Germany accepted this change in return for the use of 1963 as the base year in current calculations.

The milk market regulation authorizes each E.E.C. country to levy a compensatory charge on daily products exports to other member countries. This levy is to be equal to any support given the domestic price of these products. The exporting country must also grant an equal subsidy on imports from other E.E.C. countries, thus maintaining a normal price relation between imports and domestic products.

The Council has not yet decided if a country which subsidizes part of its domestic dairy production must subsidize imports of all dairy products. The Commission was empowered to set the amounts of a given product which is significant in trade with non-members and to guarantee preference to member states.

The regulation on dairy products provides only for supports for first-grade butter. The Council recently agreed that if supports were later authorized for cheese, they would also be permitted for skim milk powder. Germany had requested this provision since it produces 45% of the Community's butter and has a correspondingly large volume of skim milk.

Belgium has been authorized to maintain its seasonal phasing of butter support prices temporarily. However, it must adjust its

Milk Production in the E.E.C. 1962
(in thousand metric tons)

Belgium	4,004
France	24,308
Germany (F.R.)	20,295
Italy	9,387
Luxembourg	195
Netherlands	<u>7,296</u>
E.E.C. total	65,458

system to a single price set for the entire year, as is done in other Community countries.

Butter Production in the E.E.C.
1962
(in thousand metric tons)

Belgium	55.5
France	302.0
Germany (F.R.)	449.0
Italy	59.0
Netherlands	<u>101.5</u>
E.E.C. total	967.0

BEEF AND VEAL

The upper and lower limits within which the target prices for beef and veal must be set have been fixed.

The limits for full-grown beef are \$58.75 per 100 kg (220 lbs.) and \$51.25. The limits for veal are \$86.25 and \$76.25.

The target prices for beef and veal are to be reviewed each year. Uniform target prices for comparable qualities will be set not later than December 31, 1969.

Weighted Average Price for all Cattle
1962-63 Season (in \$ per kg live wt.)

Belgium	\$46.00
France	50.25
Germany (F.R.)	52.50
Italy	58.50
Netherlands	43.50

Non-member countries will be granted a 22,000 metric ton quota for frozen meat exports to the Community. The E.E.C. may increase this quota, but in that case, intra-Community duties and levies would also be lifted. This would insure member states' equality with non-members.

Under the beef and veal regulation, the

Present Duty Rates in E.E.C. Countries

	Internal	CXT
Benelux		
Live cattle	5.4%	11.1%
Fresh meat	7.2%	14.4%
France		
Live cattle	-	16.0%
Fresh meat	-	20.0%
Germany (F.R.)		
Live cattle	5.5%	11.8%
Fresh meat	11.0%	20.0%
Italy		
Live cattle	9.6%	16.0%
Fresh meat	10.8%	20.0%

Community pays refunds to producers to make up the difference between the world market price and the price in the exporting country. This refund system also applies in intra-Community trade during the transitional period. Refunds will be paid for both fresh and frozen meat exports.

FINANCING THE CAP

The E.E.C. Council of Ministers has adopted rules for financing grain subsidies through the Agricultural Guidance and Guarantee Fund. This same fund will finance the structural reorganization of E.E.C. agriculture and supports for all commodities covered by the CAP.

Supports for grains will be used to finance: (a) the losses resulting from sales of wheat other than durum or rye for human consumption below the applicable target price -- provided such cereals have been made unfit for human consumption, and (b) the denaturing premiums granted by member states for wheat other than durum or rye.

The Fund will also be used to finance losses or expenditures caused by carrying grain stocks from one marketing year to the next. The amount to be paid is based on the difference between the target price for the last month of one marketing year and the first month of the next year. The grain must be stockpiled in accordance with Community rules in order to be eligible for these payments.

The Fund regulation will be applied retroactively from July 30, 1962.

The Council has asked the E.E.C. Commission to submit all proposals for support prices for products under the CAP at the same time. This will permit an overall estimate of the cost of financing the CAP. Detailed estimates will also be made for each product.

U.S. FARM EXPORTS TO E.E.C. RISE

American agricultural exports to the E.E.C. rose to \$777 million for the first 7 months of 1963-64 (July-January), according to the U. S. Department of Agriculture. The level for a comparable period one year earlier was \$613 million.

Exports of commodities covered by the E.E.C.'s Common Agricultural Policy rose by 28% while exports of other farm products increased by 26%. Largest gains were registered in wheat and feed grains, due to unfavorable growing conditions in several E.E.C. countries last year. Most of the gain in non-CAP goods was in cotton exports.

U.S. Farm Exports to E.E.C. July-January
1962-63 and 1963-64 (in thousand dollars)

<u>CAP Items</u>	<u>62-63</u>	<u>63-64</u>
Feed grains	154,142	167,181
Wheat grain	24,542	60,975
Wheat flour	5,502	5,827
Lard	1,015	1,158
Pork	129	3,999
Poultry and eggs	<u>19,442</u>	<u>22,459</u>
<u>Total CAP items</u>	204,772	261,599
<u>Non-CAP Items</u>		
Cotton	50,976	109,573
Rice, milled	4,886	5,994
Soybeans	99,643	105,371
Tobacco, manufactured	59,694	64,597
Fruits and vegetables (CAP but non-levy)	60,171	59,932
Other	<u>132,723</u>	<u>170,142</u>
<u>Total non-CAP</u>	408,093	515,609
<u>Total E.E.C.</u>	612,865	777,208

COMMUNITY CROPS FOR 1963

Despite heavy damage in the winter of 1962-63, the grain harvest for 1963 was one of the largest since the war. According to the latest official figures available, it should total about 56 million metric tons (metric ton = 2200 lbs.). In 1962, 58.2 million metric tons were produced; the 1958-62 average is 52.9 million metric tons.

In several regions the quality of the grain was poor (low specific weight and high humidity rate). Part of the bread grain crop was not suitable for bread and will have to be used as fodder. The 1963 grain crop was composed of a poor crop of wheat and a heavy crop of coarse grains.

The wheat crop is estimated at 23.9 million metric tons -- 19% below the 1962 figure and 6% below the 1958-62 average. The decline is largely due to a reduction in

the area cultivated. This area was down 9% from 1962 and was 8% below the five-year average. This resulted from the loss of a large proportion of the wheat sowings during the 1962-63 winter.

The rye harvest was 4.3 million metric tons, 6% above the 1962 level. It did not reach the 1958-62 average of 4.7 million metric tons.

The barley harvest was the heaviest since the war. It was 9% higher than in 1962 and 30% above the 1958-62 average. This increase was partly due to greater areas used for the cultivation of spring barley in France (2.35 million hectares in 1963 as against 1.87 million in 1962) and partly to higher French yields (28.8 quintals per hectare). A hectare is 2.5 acres; a quintal is 220 lbs.

The output of oats and mixed spring grain was 2% less than in 1962 but 6% above the 1958-62 average.

Corn production was about 7.5 million metric tons as against 5.2 million in 1962 and a five-year acreage of 5.9 million. This harvest was the heaviest ever recorded in the Community -- 45% above the 1962 figure and 28% above the five-year mark.

Beans (1.2 million metric tons produced) showed a slight improvement on the average for the last five years and were 0.1 million metric tons higher than the 1961-62 figures.

The areas devoted to potato production declined again in 1963, but the total crop of about 51.6 million metric tons was the highest of the last six years. It was 8% above the 1962 crop and 12% above the five-year average.

In comparison with 1962, the sugar-beet harvest (37.6 million m.t.) was up 13% and also topped the five-year average of 37.3 million m.t. The fodder beet harvest of 59.3 million m.t. was about 3 million m.t. above the 1962 figure, but 8% below the average.

Oleaginous fruit production declined from the exceptional 1962 harvest (1963, 331,000 m.t.; 1962, 377,000 m.t.). The total production of oleaginous fruit was, however, 12% above the five-year average.

The tobacco crop, at 120,400 m.t., was higher than in the last two years (1962, 97,300 m.t.; 1961, 70,700 m.t.).

NEWSBRIEFS

* EEC TO IMPROVE WINE QUALITY

The Commission has proposed a regulation on quality wines to the Council of Ministers. The Commission is attempting to establish common criteria for the production and evaluation of wine without impairing the special character of each wine.

The proposed regulation defines the quality wines produced in specified areas. The Commission considers that such wines can only be improved by wines from the same area. Thus, the regulation would prohibit blending and sweetening after a transitional period. To guarantee the quality of the wines, the Commission has also proposed rules for marketing. The wine would thus be controlled from grower to consumer.

* PORK IMPORTS KEEP EEC PRICES DOWN

The EEC lowered the levies applied to pork imports during the winter and early spring as a means of keeping domestic prices down. The levy was reduced to the level of the member country with the lowest levy on im-

ports from non-members, the Netherlands. Pork prices have now returned to the normal level at which imports are no longer needed to keep the price down. The usual flow of imports will continue with the application of the normal levies.

* COMMUNITY OPENS NEW YORK INFORMATION OFFICE

A new office of the European Community Information Service opened July 1 in New York City.

The address is 2207 Commerce Building, 155 East 44th Street, Zone 17. The telephone number is MUrray Hill 2-0458.

The office, operating as a branch of the Washington office, will maintain a library of Community documents and be equipped to answer inquiries from United Nations missions, the press, public and private organizations concerning the Community.

A copy of this material is filed with the Department of Justice, where, under the Foreign Agents Registration Act of 1938, as amended, the required registration statement of the Information Office, European Community, 808 Farragut Building, Washington, D.C., as an agent of the European Economic Community, Brussels, the European Atomic Energy Community, Brussels, and the European Coal and Steel Community, Luxembourg, is available for public inspection. Registration does not indicate approval of the contents of this material by the United States Government.



**europa
community**

INFORMATION SERVICE WASHINGTON OFFICE
THE FARRAGUT BUILDING, WASHINGTON 6, D.C.

BULK RATE
U. S. POSTAGE
PAID
WASHINGTON, D. C.
PERMIT NO. 41445