



# COMMON MARKET FARM REPORT

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

## COMMUNITY ISSUES 1964 HARVEST FIGURES; GREATER PRODUCTIVITY BRINGS RECORD GRAIN YIELD

Harvest statistics for the six Common Market countries indicate record productivity highs for almost all commodities. The grain harvest has set a new Community record.

The latest tabulation of harvest figures was made on September 24. Total grain production at that time was 58.6 million metric tons (metric ton = 2200 lbs.). The previous record, set in 1962, was 58.2 million metric tons. These figures include corn production, but exclude rice.

The yield per acre of 2400 lbs. surpassed by approximately 440 lbs. the average productivity of the last five years. The record harvest was also caused by favorable weather conditions and increased acreage in wheat and barley as compared with the five-year average.

### WHEAT PRODUCTIVITY UP; PRODUCTION OFF

The 1964 wheat harvest is 29 million metric tons, somewhat below the 1962 record of 29.6 million metric tons. Wheat yields are about 616 pounds per acre higher than the five-year average. The French wheat harvest is the second highest of the post-war period, totalling 13.6 million metric tons. Record harvests were reported in Belgium, the Federal Republic of Germany, and the Netherlands, but Italian production was below earlier years.

Higher German productivity has resulted in a higher rye harvest than in the last three years. The harvest totalled 4.7 million metric tons.

### BARLEY, OATS, FEEDS DOWN

Production of other grains was 13 per cent lower than in 1963. Though the wheat crop

was expanded this year to compensate for the damage caused by a severe winter, new land was not brought under cultivation to the same extent as in the past few years.

The total 1964 barley harvest of 11.7 million metric tons fell below the 1963 level. The production of oats in 1964 was 7.2 million tons, the lowest since the Second World War. Only 7.25 million acres were sown with oats less than in any year since 1950. Oat production is on a steady decline in the Community because of a decreasing number of horses.

Feed grain and rough forrage production also fell below 1963 levels. However final reports on the second cuttings of rough forrage are not yet available.

### POTATO HARVEST REDUCED

Less land under cultivation and a long dry spell has caused predictions of a small potato harvest. Unofficial reports show that the German harvest will only reach 20 million metric tons. In France the harvest will be 11.9 metric tons (1963, 16.0), in Italy 3.9 (1963, 4.4) and in the Netherlands 3.7 (1963, 3.9).

Forecasts for the sugar beet harvest are not yet available. A smaller harvest is expected than in any of the three preceding years.

In France the harvest may reach 13.6 million metric tons (1963, 14.0).

Belgian flax production is 33,200 metric tons of fiber. This is the largest harvest since 1955.

Community wine production will total 3.5 billion gallons according to first estimates. About 90 per cent of Community wine production is in Italy and France.

#### STATISTICAL OFFICE PROVIDES DATA

The 1964 harvest figures were prepared by the Statistical Office of the European Communities. This office publishes several studies each year which are of interest to U.S. farmers and are available through the Communities' Washington office.

The Monthly Statistical Bulletin provides trade figures for each product and each member country. Special studies spotlight

trade in important sectors such as agriculture. Trade with the U.S. is fully reported.

The publication Agricultural Statistics provides detailed information on a wide variety of farm products and problems. In 1964 issues have dealt with the farm work force, grain supplies, farm prices, price indexes, use and potential of mechanization in European agriculture, and harvests.

The General Statistical Bulletin, published 11 times a year includes data on farm production, internal trade, employment, consumer price indexes, farm producer prices, and foreign trade. Industry, finance, transport and building are also covered.

### U.S. FARM EXPORTS TO EEC TOTAL RECORD \$1.3 BILLION IN 1963

#### EXPORTS OF PRODUCTS UNDER COMMON FARM POLICY ARE \$546 MILLION

Total farm United States exports to the European Community reached an all-time high in 1963 according to reports from the Statistical Office of the European Communities. They were valued at \$1,337 million, \$37 million above the 1962 record level.

The Community's common agricultural policy covers about 85 per cent of EEC farm production. Only about 39 per cent of total U.S. farm exports to the EEC are of products subject to the import systems set up by the common policy. In 1963, imports of these products were valued at \$545,572,000.

The American balance of trade with the EEC in farm products has become increasingly favorable. In 1958, the first year of the EEC, U.S. exports were valued at \$888 million and imports from the EEC totalled \$205 million. EEC farm exports to the U.S. reached \$260 million in 1963, a 24 per cent increase as compared with a 63 per cent increase in U.S. exports to the EEC,

The Common Agricultural Policy for grains, fruits and vegetables, poultry, pork, eggs, and wine was inaugurated on August 1, 1962. U.S. exports of these products have climbed in almost all categories since the start of the common policy. At the same time, European production of these commodities has been better able to meet European needs and EEC exports to the U.S. have risen only 8 per cent.

Figures below from 1961, the last full year before the Common Agricultural Policy and from 1963, the first full year after it had been inaugurated, show its first effects on U.S. - EEC farm trade.

The Common Agricultural Policy was extended to rice on September 1, 1964 and to beef and milk products on November 1, 1964. In 1963, the U.S. exports to the EEC of these commodities were valued at \$12.3 million (rice), \$15 million (milk products) and \$152,000 (beef and veal). The only significant EEC exports of these products to the U.S. were \$18.3 million worth of milk products.

#### U.S.-EEC FARM TRADE 1963

(in million \$)

	U.S. to EEC	EEC to U.S.
Food products	737.6	115.2
Beverages, tobacco	120.8	69.7
Skins, hides	30.1	11.6
Oil seeds, fruits	200.0	0.4
Raw nat. rubber	0.1	..
Wood, cork	37.0	0.2
Nat. textile fib.	145.8	24.4
Other anim., veg. prod.	14.4	28.1
Fats, oils	51.0	9.9
<b>Total</b>	<b>1,336.7</b>	<b>259.5</b>

## EEC-U.S. TRADE IN FARM PRODUCTS UNDER COMMON AGRICULTURAL POLICY IN 1961, 1963

(in million \$)

	US EXPORTS TO EEC						EEC EXPORTS TO US
	France	Be/Lux	Neth	Ger.F.R.	Italy	EEC	
<b>1961</b>							
Pork	3.7	0.5	13.8	13.1	.04	31.3	32.4
Grains	33.1	44.5	122.7	90.6	101.2	392.2	2.4
Wheat	22.3	9.5	26.1	34.8	91.3	184.1	..
Barley	..	1.3	5.2	7.4	2.8	16.7	0.8
Corn	10.6	13.1	53.3	39.0	5.9	122.0	..
Other grains	0.1	19.7	31.7	8.7	0.3	60.6	0.2
Fruits, vefs.	4.1	4.3	4.2	2.7	..	15.5	1.3
Eggs	..	0.4	..	2.9	0.7	4.1	0.01
Poultry	0.05	0.3	0.5	35.9	0.4	37.3	..
Wine	..	..	..	..	..	..	29.5
<b>TOTAL</b>	<b>41.1</b>	<b>50.1</b>	<b>141.3</b>	<b>145.5</b>	<b>102.4</b>	<b>480.6</b>	<b>65.8</b>
<b>1963</b>							
Pork	8.9	1.0	11.0	11.1	0.05	32.2	31.7
Grains	30.6	54.8	173.6	94.0	82.0	435.1	2.4
Wheat	14.9	4.6	28.3	23.1	2.9	73.9	..
Barley	..	0.3	6.7	14.0	12.4	33.5	..
Corn	14.7	27.7	92.0	40.0	62.2	236.9	..
Other grains	0.8	21.2	43.9	16.3	2.8	85.1	0.3
Fruits, vefs.	8.7	4.5	3.8	3.7	..	20.9	1.6
Eggs	..	0.2	..	2.3	.07	3.2	0.03
Poultry	0.1	0.5	0.8	23.1	1.7	26.3	..
Wine	..	..	..	..	..	..	34.9
<b>TOTAL</b>	<b>48.5</b>	<b>61.1</b>	<b>189.4</b>	<b>134.3</b>	<b>84.5</b>	<b>518.0</b>	<b>70.9</b>

(Note: Totals may not be exact due to rounding)

### COMMISSION'S "INITIATIVE '64" CALLS FOR SPEED-UP IN CREATION OF COMMON MARKET

The EEC Commission has proposed that the member states agree to accelerate steps to complete the customs union by 1967. The Commission believes that the EEC must show "its own vitality and dynamism" in order to stimulate the creation of a European political community.

The Commission's "Initiative" focusses on removal of tariff barriers, monetary union, and a social policy aimed at raising living standards and adapting workers to changing economic structures.

#### GRAIN PRICE STILL SOUGHT

The Commission emphasizes, however, that there are already urgent matters pending before the Council. The "Initiative" states:

"In addition to these new proposals, there are others which the Commission has already made and on which no action has yet been taken, in particular, its demand for the fixing of a common cereals price. These have lost none of their urgency. The fact that the Council has made no decision on this means that there is no common agricultural policy, with serious consequences for the progress of integration and for the clarification of the Community's external relations in the Kennedy Round."

The Commission asks that total customs charges be reduced by 15 per cent on January 1, 1965 and by the same amount one year later. Duties on each product would be reduced by at least 10 per cent except special cases

where a 5 per cent reduction would be permitted. All remaining duties would be removed on January 1, 1967. The Rome Treaty does not require complete removal of duties until January 1, 1970.

#### FREER TRADE TIED TO GRAIN PRICE

Removal of customs barriers and other rules and practices blocking trade is coupled with farm policy decisions. "For a large proportion of agricultural products," the "Initiative" states, "it is the introduction -- which in any case can no longer be deferred -- of the common cereals price which will permit this free movement, whereas in the industrial sector, it will be the elimination of the remaining intra-Community duties. These two operations, which can be planned and executed independently of each other, consequently converge toward the same objective, which is to favor the rapid completion of the customs union...."

Europeans should be made aware of the significance of the Common Market, the Commission says. In order to make the "decisive change" in Europe felt, the Commission indicates that it will propose a series of measures to abolish all frontier controls on trade in all goods between member states.

#### MONETARY, SOCIAL MEASURES PROPOSED

The Community is to merge "the six markets in a single internal market" and to establish an economic union. The Commission concludes: "It therefore appears indispensable to adapt the monetary policy of the Six to the degree of integration already attained in other fields." In the "Initiative" the Commission

pledges to submit "proposals for the progressive introduction of a monetary union."

The European Social Fund has helped member states to maintain retraining programs for workers. Now the Commission proposes that the Community encourage new and experimental programs without waiting for governmental initiatives. The Commission also calls for the accelerated "levelling-up" of living and working conditions in the member countries.

The Commission "Initiative 64" requires Council approval before it can be applied.

#### FROZEN BEEF TARIFF QUOTA SET

The EEC Council has approved a global tariff quota on frozen beef at 12 per cent on 33,000 metric tons for November 1 - December 31. The present tariff rate is 20 per cent.

The quota is expressed in terms of bone-in meat, with imports of boned meat converted on the basis of 100 kg. of boned meat equaling 125 kg. of bone-in meat.

The country allocation of the tariff quota (in metric tons) is as follows: Belgium, 6,000; Germany, 3,000; France, 2,000; Italy, 17,000; Netherlands, 5,000.

It is estimated that EEC frozen beef requirements in 1965 will be substantial, and that at least an additional 70,000 metric tons, and even possibly as much as 120,000 metric tons, may be imported at a possible 12 per cent rate next year.

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