



COMMON MARKET FARM REPORT

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

COMMON MARKET AGRICULTURAL TRADE MADE FURTHER GAINS IN 1965

The European Economic Community's farm trade continued to move smartly ahead despite the political crisis in 1965. As in previous years, the EEC was a heavy agricultural importer; over three-fourths of total agricultural needs came from non-member countries in 1965. The United States was the major outside supplier.

The expansion of EEC agricultural trade since the first year of the Community, 1958, has been notable, both internally and with third countries, and it has accelerated in recent years. Imports of all farm produce from non-member countries rose 40 per cent from \$7.54 billion in 1958 to \$10.6 billion in 1965. This compares with a 132 per cent rise in imports of industrial goods from third countries in these seven years.

Within the Community exchanges of farm produce increased 167 per cent from \$1.25 billion to \$3.32 billion, while trade of industrial goods more than doubled over this period. The figures set internal trade in farm goods at 23 per cent of total farm trade. That this share was only 14 per cent in 1958 indicates how rapidly this sector has been growing. In fact, as the Common Market has developed its common agricultural policy in recent years, this sector has become the area of most rapid growth; from 1964 to 1965 alone farm trade among the EEC countries registered an 18 per cent increase -- over four times the rate of increase for

farm imports from non-members and half again as great as the increase in internally-traded industrial goods registered that year.

It is worth noting that imports of all U.S. farm products have grown faster than the general rate of farm imports from non-member countries. Since 1958 they have grown 94 per cent to \$1.72 billion, representing, as they did in 1964, about one-sixth of total non-member imports.

REGULATED PRODUCTS

Thirty per cent of Community agricultural imports from the outside fall under the common agricultural policies and are covered by the variable levy system; the rest face low or no tariffs. Beef, veal and pork products, poultry, dairy goods, grains, wines, fruits and vegetables were among the regulated products in 1965.

Because EEC countries produce all the regulated products, it is natural that trade in these goods among member countries has outpaced external trade.

Trade among member countries in products governed by Community agricultural regulations has advanced rapidly; between 1958 and 1965 such imports grew 185 per cent to a total of \$1.82 billion. Imports of these regulated products from non-member countries climbed 52 per cent over the entire seven-year period to a 1965 total of \$3.14 billion.

Table 1. EEC IMPORTS OF AGRICULTURAL PRODUCTS (Figures in parentheses indicate products covered by common regulations)

\$ million	1958	1959	1960	1961	1962	1963	1964	1965
From Community countries	1246.1 (638.2)	1546.2 (787.7)	1785.3 (930.5)	1967.3 (985.0)	2220.9 (1095.7)	2489.8 (1270.7)	2815.4 (1471.8)	3324.0 (1819.3)
From non-member countries	7356.0 (2061.0)	7379.4 (2032.3)	8261.1 (2151.5)	8250.5 (2240.5)	8907.8 (2559.6)	9438.6 (2509.2)	10143.0 (2721.9)	10576.5 (3143.0)
From U. S. A.	888.8 (252.6)	899.8 (375.8)	1198.4 (350.0)	1284.2 (492.3)	1298.9 (549.4)	1336.7 (545.6)	1627.2 (620.1)	1721.9 (768.7)

The increase of regulated imports from non-members, though well below intra-Community increases, still surpassed that for all agricultural imports from the outside. Non-member countries supplied 63 per cent of the Community's needs in these products, whereas they supplied 76 per cent of the overall agricultural needs in 1965. Nonetheless, the United States has done well in selling regulated goods. Imports of Community-regulated agricultural goods have more than doubled since 1958 to reach a 1965 total of \$769 million.

GERMANY LARGEST IMPORTER

Of the Six, Germany accounts for the largest share -- 36 per cent -- of Community farm imports from non-members. These purchases have increased by about half since 1958 to \$3.84 billion.

However, an increasing share of Germany's imports is coming from Community countries. These imports have risen over one and a half times since 1958 and totaled \$1.61 billion in 1965; their share of Germany's total agricultural imports in the latter year was 30 per cent, compared to 20 per cent in 1958.

This trend is even more evident in German imports of Community-regulated products; the \$976 million worth of farm goods bought outside the EEC in 1965 was 37 per cent higher than in 1958. Such imports from EEC countries increased 154 per cent to \$1.05 billion and now represent 52 per cent of Germany's total purchases of regulated products.

France, though its imports from outside have decreased from 1964, is still the second largest importer from non-member countries with 23 per cent of EEC agricultural purchases abroad.

Italy has displayed rapid growth in farm imports and rivals France as an importer now, taking \$2.17 billion from outside. While increasing these purchases over a hundred per cent since 1958, she increased her imports from EEC members by 238 per cent during this period.

COMMUNITY AGRICULTURAL EXPORTS

EEC agricultural exports to non-member countries have grown from 1958 to 1965 by 46 per cent to \$2.8 billion overall. Their exports of regulated products to these countries increased 78 per cent to \$1.47 billion. In the same period their exports of manufactures increased 77 per cent.

France exported \$1.04 billion of agricultural goods, accounting for 37 per cent of EEC exports to third countries. Grains, wines and dairy goods comprised 44 per cent of France's exports to non-member countries. A large part of these exports went to overseas associates. The Netherlands exported \$749 million to remain the second most important agricultural exporter to non-member countries.

The importance of the two members as suppliers for the Community is reversed. To the Community the Netherlands supplied \$1.17 billion, 35 per cent of internally-traded farm produce, while France supplied \$924 million. Fifty-eight per cent of France's and the Netherlands' agricultural exports each to EEC partners were regulated products.

From 1958 to 1965 the Netherlands' extra-Community exports have grown 29.5 per cent; those to the Community have risen 130 per cent. France has managed even greater growth; her exports to third countries have grown 53 per cent, while those to the Community have increased over three-fold.

The Netherlands' exports of regulated products to the outside have grown 38 per cent and 123 per cent to member countries. France's have grown 134 per cent and 598 per cent, respectively.

TRADE IN GRAINS

Corn was the most important component of the EEC's grain purchases abroad in 1965, and purchases have more than doubled since 1958 to a level of \$624 million. This is part of a general need for feed grains to maintain increased animal stocks as consumption patterns in Europe shift into meats and other high-protein foods. This reflects, in turn, the rising affluence of the Continent.

Wheat imports remained steady, and the \$270 million purchased in 1965 was only 8 per cent more than that purchased in 1958. Overall grain imports from the outside have grown 69 per cent in this period.

In 1965, 86 per cent of the Community's corn purchases came from the outside. The United States supplied 52 per cent of the total corn deficits of the Community. About three-quarters of the wheat imported by member countries comes from outside, and the United States supplies about a fifth of present deficits.

EEC exports of cereals and cereal preparations to third countries have doubled to \$543 million in 1965.

Table 2. EEC EXPORTS OF AGRICULTURAL PRODUCTS TO NON-MEMBER COUNTRIES

\$ million	1958	1959	1960	1961	1962	1963	1964	1965
All Products	1921.1	1900.8	2098.5	2223.1	2250.4	2448.5	2626.5	2803.2
Regulated Products	826.3	811.9	923.3	1008.0	1058.5	1215.0	1329.8	1472.3

Table 3. EEC CEREAL IMPORTS

\$ million	1 9 5 8			1 9 6 5		
	Members	Non-members	(USA)	Members	Non-members	(USA)
Total Cereal Products	87.2	732.0	(204.3)	367.1	1239.3	(597.3)
Wheat	33.2	250.1	(52.5)	84.8	269.7	(73.2)
Corn	1.2	190.6	(52.2)	103.1	624.0	(380.0)

Wheat exports have grown somewhat less than this at 189 per cent, but EEC exports of seed grain have increased twenty-two times since 1958.

TRADE IN MEATS

Total EEC imports of all livestock and of meat and meat products from the outside have increased 151 per cent since 1958 to reach a 1965 level of \$741 million. The most important component, beef and cattle, has risen 186 per cent to \$567 million.

The United States supplies \$46 million of meat products to the Community, primarily pig slaughterhouse products. Italy imports 40 per cent of the EEC's meat from third countries; 90 per cent of her imports consist of beef and cattle. EEC meat imports consist primarily of \$318 million worth of beef, \$250 million worth of cattle, and \$109 million worth of pig slaughterhouse products.

Half the Community's \$200 million of meat exports consist of pork preparations. Their meat exports have grown only 11 per cent since 1958. Fifty-five per cent of EEC meat exports are Dutch -- predominantly pork preparations.

TRADE IN POULTRY PRODUCTS

Germany leads Community imports of poultry, importing \$151 million overall. The \$48 million she imports from non-members makes up 79 per cent of EEC imports of \$60 million from the outside.

The United States now supplies the Community with about half its total outside needs for poultry, but the 1965 U.S. total of \$29 million is well below the 1962 "chicken war" high of \$54 million.

EEC egg imports, paced by Italy's sharp increase, reached a new high in 1965 of \$158 million. Italy, whose egg imports shot up over nine-fold above 1964, accounted for 84 per cent of those imports. She and Germany accounted for all but one per cent of the eggs imported by the EEC from the outside in 1965. U.S. egg exports to the EEC also reached a record level of \$26 million in 1965; 98 per cent of this amount went to Italy. This represented more than a \$24 million increment over the previous year.

EEC poultry exports reached \$17 million in 1965, a 76 per cent increase over 1958. About half these were provided by France. Intra-Community trade has increased much more rapidly than external trade in poultry; total EEC exchanges of poultry are 264 per cent greater than they were in 1958. Almost three-fourths of EEC-traded poultry is provided by the Netherlands.

Community egg exports to non-members stood at \$13 million in 1965, an increase over 1958 but a decrease of about a sixth from the 1964 high of \$16 million. Internally-traded eggs are down 37 per cent from their 1961 high to a 1965 level of \$73 million. The primary suppliers were the Benelux countries. They also supplied 85 per cent of the EEC's exports to the outside.

\$ million

**Table 4.
EEC MEAT,
POULTRY AND
EGG IMPORTS
FROM
NON-MEMBERS
(from USA)**

	1958	1961	1964	1965
Pigs and Pork Products	100.7 (20.3)	116.4 (31.3)	177.6 (56.0)	184.2 (45.4)
Cattle and Beef Products	198.4 (0.4)	180.9 (0.1)	496.1 (0.6)	567.4 (2.7)
Fowl and Poultry Products	31.3 (3.0)	84.0 (37.4)	65.9 (27.9)	60.2 (28.9)
Eggs	105.6 (0.3)	100.3 (4.1)	29.0 (1.7)	157.6 (26.1)

Table 5. EEC TRADE IN FRUITS AND VEGETABLES

\$ million	1 9 5 8		1 9 6 5	
	Members	Non-members	Members	Non-members
Imports	216.6	367.9	518.9	542.7
Germany	174.2	137.9	411.8	252.4
France	21.3	182.7	58.1	216.9
Exports	199.9	138.9	490.9	210.4
Italy	122.9	85.7	219.3	122.7
Netherlands	57.6	31.8	172.1	57.4

TRADE IN FRUITS AND VEGETABLES

1965 marked a high for EEC fruit and vegetable imports from non-member countries; the \$543 million purchased marked a 48 per cent increase over 1958. Imports from the United States were also at a high of \$22 million. Germany provided the largest market for outsiders in importing \$252 million. She and France import the lion's share -- 86 per cent -- of fruits and vegetables from third countries. Trade within the EEC in fruits and vegetables has grown 140 per cent to a 1965 level of \$519 million. Italy is the Community's most important supplier, providing 45 per cent of its internal trade. She also provides 58 per cent of the \$210 million exported by the EEC to non-member countries. The Netherlands is second in importance in both markets.

OUTLOOK

In view of the recent agreement reached on olive oil and those due to go into effect on sugar and oil seeds (see Common Market Farm Report, Number 27, October 30, 1966), the outlook is encouraging for EEC internal trade.

For foreign suppliers 1966 will mark some gains, though they will be moderate. This year witnessed good yields in feed grains in the EEC countries; barley was at a record level, and both oats and corn surpassed the 1965 level. At the same time, however, EEC countries took in a high-quality wheat harvest whose quantity did not match that of 1965; this will preclude the release of much wheat for animal feed. All in all, imports of feed grains will probably not rise appreciably this year, but they should hold steady.

Meat and livestock production is up about five per cent over 1965 output, but the disaster in Italy may put extra strain on these resources, leading to increased outside needs.

Apples will be a less important item in the EEC's fruit imports, as Italy and the Netherlands enjoyed bumper apple crops. Imports of other fruits should continue high.

For the first six months of this year EEC imports of foodstuffs and tobacco from third countries are already 12 per cent ahead of the first six months of 1965 at \$3.30 billion. The first half imports of these products from the United States, \$627 million, represent an increase of more than a third.

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