Community Topics 21

Agriculture in the Common Market

european community
information service

Agriculture in the Common Market

Contents

This document describes the European Community's common agricultural policy as put into effect by mid-1965, together with the further proposals of the Common Market Commission for its completion.

Glossary

The following terms are used frequently in the text of this document. They are defined here for easy reference.

Target price

The base price for grains, determined in the marketing centre of the region of the Community with the least adequate domestic supplies.

During the preparatory period target prices are fixed for each member country separately, and subsequently for the Community as a whole. They are fixed before the winter sowing, and come into force at the beginning of the marketing season for that crop. Countries can determine target prices for separate regions when the difference between the selling price in that region and the overall target price exceeds five per cent.

Support price

The price at which the Guidance and Guarantee Fund will buy from producers; this price thus constitutes a guaranteed minimum selling price for producers. Support prices are between five and ten per cent lower than the target price.

Threshold price

The price used as a basis for calculating the levy on imported grains. It is fixed at a level that will bring the selling price of imported grains up to the level of the target price in the region of the Community with the least adequate domestic supplies.

Sluic gate price

The minimum import price for pigmeat, eggs and poultry coming from non-Community countries. For pigmeat, sluice gate prices are being applied to internal Community trade during the preparatory period.

Free-at-frontier price

The price of imports delivered at frontiers with all charges (insurance, freight, etc.) paid, but before payment of customs duties or levies.

Transiti n period

The twelve-year period from when the first measures were taken to implement the Common Market at the beginning of 1958 up to the end of 1969.

Statistical Note

Production and other statistics are quoted either by calendar year (e.g. 1962) or by the agricultural year running from July 1 to June 30 (e.g. 1962–63).

I. A COMMON AGRICULTURAL POLICY - WHY AND HOW

Why the Community needs a common agricultural policy

Today, despite the immediate political difficulties which beset the European Community, six Western European countries – Belgium, France, Germany, Italy, Luxembourg and the Netherlands – are together working out a common farm policy to be applied directly throughout the area of the Community. Already, on the basis of the Rome Treaty, the principles have been agreed for common policies covering 85% of the Community's farm output and those implementing regulations which have already been approved by the Council of Ministers are being applied.

The inclusion of farming in the economic union envisaged by the Rome Treaty is essential because:

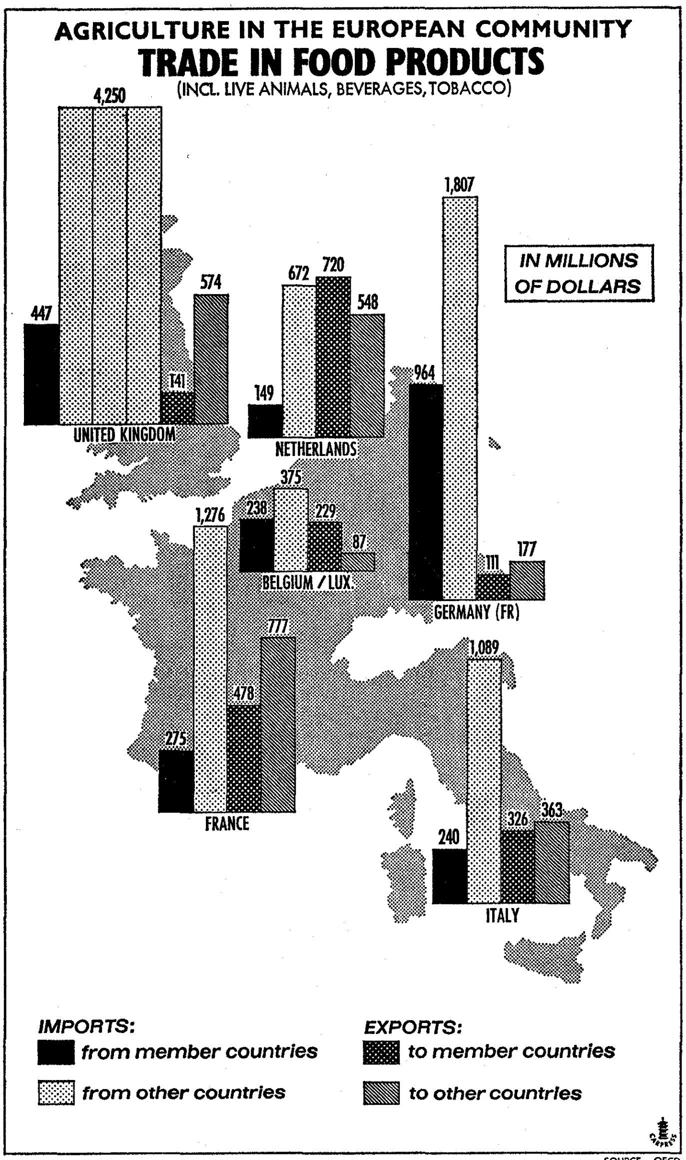
1. Agriculture occupies a key position in th C mmunity's economy.

The Community's farms contribute between 7% and 17% of the national income of the member countries; they employ more than one-sixth of the working population of the Community, and many more people work in trades and industries dependent upon them. It would create all kinds of tensions and distortions if such an important sector were left out of the process of creating a single market which applies to all other goods. In any case, it is extremely difficult to draw a line between agricultural and industrial products, since processing of all kinds is becoming an increasingly important factor in the retail selling price of food.

Yet, as long as there are separate national farm policies with differing levels of intervention and protection and widely divergent price levels, there is no way of getting farm produce to flow freely across frontiers. A single, consistent policy on prices, protection levels, and marketing arrangements, worked out in common and applying to the whole area, is essential if the barriers between the farm economies of the Six are to be removed.

2. Agricultural products play an important part in trade.

This is so both within the Community and in trade with the rest of the world. In 1963 farm products accounted for 33% of Dutch exports, 22% of Italian and 15% of French exports. The Community as a whole is the world's biggest



SOURCE : OECD

importer of farm produce, and as such has a heavy responsibility. A common approach to agricultural trade with the rest of the world is an essential complement to creating a single market.

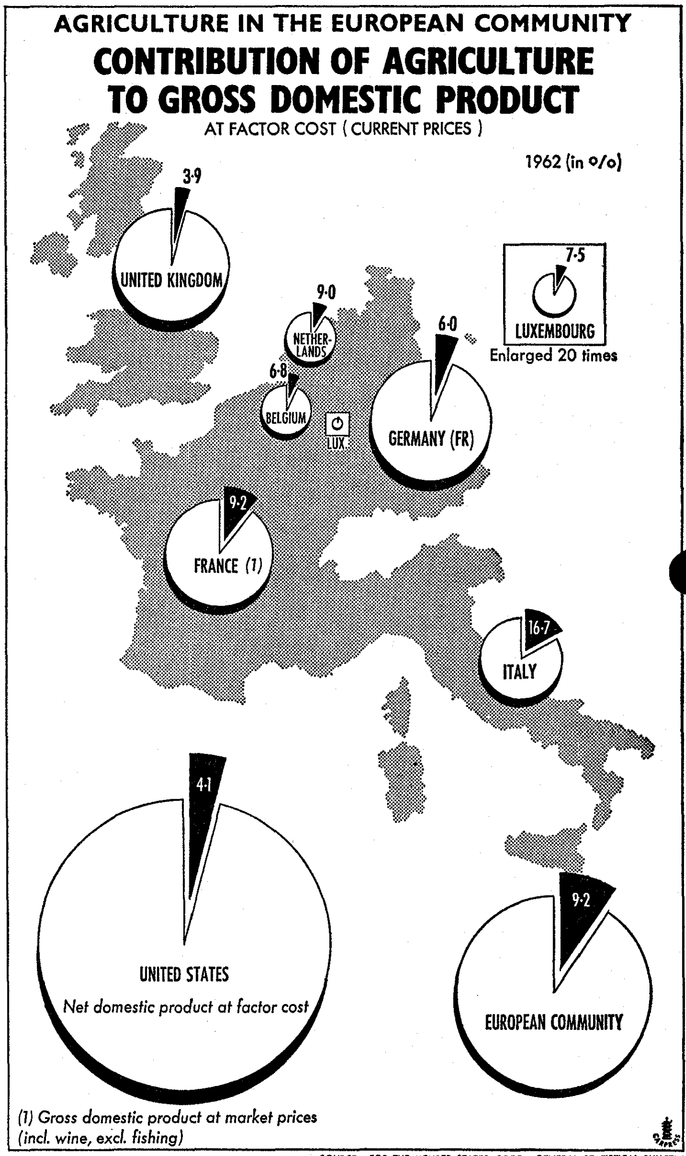
A common farm policy, while ensuring the protection needed to enable the efficient farmer to make a good living, takes into account the interests of other, food-exporting countries. Acting as a unit, the Community has not only defended its own interests; it has made new and constructive proposals for dealing with the hitherto insoluble problems of world agricultural trade within the framework of the Kennedy Round negotiations.

The special position of agriculture, with its dependence on weather conditions and its low level of incomes, has in fact long led national governments in all industrialized countries to practise policies which involve managed markets and have tended towards a high degree of protectionism. The range of measures has included, among others, price regulation, marketing boards, crop limitation, import quotas or import monopolies, seasonal bans on imports, discriminatory health regulations and bilateral agreements permitting trade from some countries only. A single Community policy must replace or harmonize these measures.

3. Agriculture must be modernized and made efficient.

A common policy worked out and applied for the Community as a whole makes it easier to tackle some of the major problems of adapting agriculture to modern economic conditions. These are traditional problems which have hitherto been grappled with at national level.

Among the problems to be faced are the uneconomically small size of many farm holdings – more than two-thirds of all Community farms are less than 25 acres in extent; the lack of mobility amongst farm workers; and, in most member states, a shortage of capital for financing modernization. The resulting low level of productivity has caused farm incomes consistently to lag behind those of industrial workers; it has also made it difficult for farmers to stand up to competition. The governments have thus had on the one hand to intervene to ensure their living standards and on the other to protect them against cheap food from outside. Another major problem is that of shortage and surplus – the lack of a stable balance of supply and demand, often because of climatic conditions. In the framework of a



SOURCE : FOR THE MEMBER STATES, SOEC - GENERAL STATISTICAL BULLETIN

As an approximate measure of agricultural efficiency the above map may be compared with the proportion of the active population employed in agriculture, shown below:

	year	per cent
Belgium	1963	6
France	1963	19
Germany	1963	12
Italy	1963	26
Lux mbourg	1960	15
N th rland	1961	10
Community		approx. 18
Unit d Kingdom	1962	6
United States	1962	7

common policy, it becomes easier to tackle these problems: a wider consumer market improves sales prospects and enables farmers to specialize; the problem of supply and demand can be more effectively handled; and the efforts of the countries to modernize their farm economy can be coordinated to ensure that they are adapted to the challenges and demands of the wider economic unit.

This modernization leads in turn to a steady drop in numbers on the land: the farming population of the Community has been falling by over 400,000 every year. At the same time, Community industry is desperately short of trained manpower. At the Community level, problems like these can be met by coordinated vocational training schemes and dealt with in the wider framework of regional policy and medium-term economic planning.

Degree of Community self-sufficiency in food (per unit)

	1961–62	1962–63
Wheat	86.1	108
Coarse grains	71.5	75
Sugar	94.2	86
Fresh vegetables	106.1	106
Fruit (including citrus)	83.8	82.9
Beef and veal	95.3	n.a.
Pork	100.9	n.a.
Eggs	91.9	n.a.
Potatoes	99.2	102
Butter	103.6	n.a.
Fats and oils	47.3	n.a.

Sources: For wheat, coarse grains, sugar, beef and veal, pork, eggs and butter European Communities Statistical Office. For other products: OECD.

How the common agricultural policy works

The common agricultural policy is based upon three main principles:

- Trade in farm products between the Six is gradually being freed from restrictions, so that they may be bought and sold as freely throughout the area of the Common Market as they have been up to now within each country's domestic market;
- The Community will jointly finance the costs of market support for farm produce and the subsidizing of exports of agricultural surpluses to non-member countries, and will contribute to the cost of modernizing the agricultural economy;
- Trade in agricultural products with countries outside the Community is to be governed by a common commercial policy.

Thus the barriers to trade in farm products between the Six are being gradually abolished during the course of the transition period (which the Common Market Commission has proposed should end on July 1, 1967, a date not as yet accepted by the Council of Ministers). Tariffs and import restrictions which used to protect each country's domestic market have in most cases been replaced by a levy system. The purpose of the levies is to neutralize the effects of the difference in price levels – either between the member countries during the transitional period or between the Community and the world market. The levies on intra-Community trade will themselves disappear at the end of the transition period, when a single price level for each product will have been achieved. Meanwhile, safeguard clauses allow the member countries to close their frontiers in certain circumstances, but so far these clauses have in practice hardly been used.

In this way the farm economies of the Six are being put on the same basis, though only gradually in order that disruption of the market in any one product is avoided. For a number of important foodstuffs – grains, dairy produce, olive oil and probably sugar – harmonized price levels are needed before free movement of farm produce can be achieved. In other cases the previously existing barriers (quotas, customs duties) will disappear, leading to the creation of a single market.

As the Six move towards a common market for farm produce, it becomes essential to put all Community farmers on as equal a competitive footing as possible. This means that at the end of the transition period there will no longer be national support systems, but a common system for each product, with joint Community financing of the cost of farm support. Another aim of the common policy is to raise the level of farm efficiency throughout the Community, particularly in the most backward areas; the cost of this, too, will be borne partly from Community funds.

Finally, there is the question of trade with non-member countries. As with industrial goods, there can be no true common market, or even less economic union, unless all policies on external trade are jointly agreed and enforced. Thus the means by which the six countries individually used to protect their farmers have been or will be replaced by a joint system. Similarly, a common policy for exporting the Community's surpluses in certain products is necessary, and jointly financed subsidies to dispose of these surpluses on the world market have been agreed.

TWO KEY ELEMENTS

1. Community financing

On January 14, 1962 the Council of Ministers decided to set up the European Agricultural Guidance and Guarantee Fund (EAGGF), as the institution empowered to carry out the financial provisions of the common farm policy. On February 5, 1964, the machinery of the Fund was completed (the rules applied retroactively to the operations of the common farm policy since its inception for certain products in 1962).

The EAGGF is divided into two sections:

the Guarantee Section, which is responsible for the cost of price support on the internal Community market and for the cost of subsidies for exports to non-member countries;

the Guidance Section, which finances expenditure on structural reform in farming (land improvements, drainage, irrigation, etc.), the reform and improvement of production and marketing conditions (e.g. the building of silos and processing plants, and the development of new outlets for farm products).

The Fund's contribution to expenditure under both these headings is rising by stages. It contributed one-sixth of the eligible expenses in 1962–63, one-third in 1963–64 and one-half in 1964–65 (the rest being financed by the member governments themselves). By the end of the transition period the full cost of the common agricultural policy will be borne by the Community.

The Fund at present draws its financial resources from the member countries. Until the end of 1965, the member countries made their contribution in two parts, the first of which was in the proportions laid down in the Rome Treaty (Article 200:1) and the second proportionate to each country's net agricultural imports, in order to take into account the receipts which accrue to each from the levies on farm produce imported from outside the Community. This second form of financing the EAGGF is of increasing importance: it provided 10 per cent of the total resources in 1963–64 and 20 per cent in 1964–65. However, in the first three years of the operation of the Fund (1962–65) a ceiling on each country's contribution was fixed: 31 per cent for Germany, 28 per cent for France and Italy, 13 per cent for the Netherlands, and 10·5 per cent for the Belgium–Luxembourg Economic Union.

Expenditure by the Fund increased during its first three years of operation as follows:

$ millions	1962–63	1963–64	1964–65	Total
Guarantee Section	28·4	55·0	167	250·4
Guidance Section	9·5	18·3	56	83·8
	37·9	73·3	223	334·2

The increase has been mainly due to the higher proportion of eligible expenditure being undertaken by the Fund, and partly because of the extension of the common farm policy to new sectors.

In the Guarantee Section the bulk of expenditure to date has been for export subsidies, which involved 77·3 per cent of this section's expenditure in 1962–63, 81·8 per cent in 1963–64, and 79 per cent in 1964–65. Price support for the Community's internal market (mainly for wheat and feed-grains) took up the remaining expenditure.

The role of the Guidance Section

While the Guarantee Section accounts for the bulk of Community agricultural expenditure (three-quarters of the annual total will be on this section) and has been the first to get under way, the long-term prosperity of Community farmers depends equally on the Guidance Section. About one-sixth of the Community's 180 million people still gain their livelihoods from the land – and an even greater proportion if ancillary trades and professions are included – although this proportion is declining year by year. Moreover, farmers as a whole are relatively poorly off compared with industrial and service workers. The Guidance Section of the Fund aims at raising the efficiency of farming throughout the Community, and consequently at raising farmers' incomes.

The Section's functions are defined in wide terms, covering all measures to improve the structure of farming and of agricultural marketing. It helps with this by tackling some of the causes of backward and inefficient farming, such as insufficient capital or too small farms.

Among the conditions governing aid from the Guidance Section, the most important is that requiring each modernization project to form part of Community Programs which are, in effect, indicative coordination plans. The Guidance Fund will contribute up to 25 per cent of the cost of carrying out any particular project, while the remaining cost is to be divided between the government of the member country in which it is situated and the immediate beneficiary of the improvement.

The first actual payments were announced in October 1965 and amounted to $9 million, of which one-third went to help twenty-seven agricultural improvement projects in Italy, including irrigation projects and the construction of dairies and of factories for processing fruit and vegetables. Two-thirds of the $3·07 million allocated for Italian projects came under the heading of improving marketing and the remaining one-third was for improving the farming structure.

The $2·56 million allocated to nine projects in Germany was divided in approximately the same proportions, the structural projects including the provision of better water supplies, while the marketing projects included the construction or extension of dairies and cheese-making plants and of a slaughterhouse. In France, almost all the $1·95 million allocated was for structural improvements of a similar kind; the Netherlands and Belgium received $775,000 and $704,000 respectively.

2. Uniform price levels

The gradual removal of the levies on agricultural trade between the member countries only becomes possible if price levels on the national markets have been brought into line for those products where a single price level is the aim. Thus common prices are the second key element in the common agricultural policy; and, since price levels determine the need for support buying and the scale of levies, the link with Community financing is a close one.

In 1962 the Council of Ministers agreed that national prices for grains be brought gradually into line over the six-year period to the end of the transition period. The Council would each year set upper and lower limits within which national target prices would be fixed, and the gap between these limits would be narrowed each year.

The first two years' experience of this system showed that it would prove to be politically impracticable to obtain the agreement of the governments of countries with high agricultural costs to an annual drop in the prices paid to their farmers. If the common price levels were to be achieved a more drastic step was needed. This was what was involved in the "Mansholt Plan", proposed by the Common Market Commission to the Council in December 1963 and finally adopted on December 15, 1964. Under this proposal uniform price levels for grains would take effect from July 1,

Fluctuations in prices received by Community farmers

(Community average price in 1957–59=100)

		Belgium	France	Germany	Italy	Luxembourg	Netherlands
N n-durum wheat	**1959**	100	106	100	96	97	105
	1961	100	115	100	101	92	106
	1964	104	116	101	105	95	122
Sugar b t	**1959**	109	116	100	101	—	109
	1961	89	102	100	103	—	91
	1964	108	104	101	133	—	109
Milk	**1959**	103	112	99	100	101	99
	1961	104	115	101	100	99	94
	1964	129	134	114	141	116	106
Beef (live weight)	**1959**	102	106	106	100	101	103
	1961	109	111	106	99	101	102
	1964	140	148	121	135	116	133
Pigmeat (live weight)	**1959**	106	96	106	102	101	102
	1961	114	115	103	102	105	103
	1964	129	127	104	105	113	118
Eggs	**1959**	95	97	92	98	98	91
	1961	101	106	96	99	98	90
	1964	81	97	86	89	88	79

1967, on which date also intra-Community levies on grains, and on pigmeat, eggs and poultry (the prices of which depend on the level of feed-grain prices) should disappear.

The target price levels which will come into effect throughout the Community are as follows (in German marks and US dollars per metric ton):

S ft wheat	DM 425	($106.25)
Barl y	DM 365	($91.25)
Maize (corn)	DM 362.50	($90.65), with a minimum support price level of DM 308 ($77)
Rye	DM 375	($93.75)
Hard wheat	DM 500	($125) basic target price, with a minimum price of DM 580 ($145) guaranteed to the farmer (a system not unlike Great Britain's deficiency payments, and aimed at assisting Italian hard-wheat producers)

These prices are calculated for one of the areas of greatest grain shortage (Duisburg, Germany) and the target prices for other Community areas will be derived from this, after making allowance for differing transport costs.

Compensation

The earlier move to a common price level – the original deadline set was December 31, 1969 – will mean a sudden drop in prices for some Community farmers (in Germany, Italy and Luxembourg). The Council therefore agreed to the Commission's proposal to allot Community funds for direct cash compensation to the farmers affected, on a descending scale over the three years 1967–70. The sums involved are as follows (in millions of DM and of $):

	1967–68	**1968–69**	**1969–70**
G rmany	DM 560 ($140)	DM 374 ($93.5)	DM 187 ($46.75)
Italy	DM 260 ($65)	DM 176 ($44)	DM 88 ($22)
Luxembourg	DM 5 ($1.25)	DM 3 ($0.75)	DM 2 ($0.5)

The setting of the common grain price was a step of immense significance. From mid-July 1967 onwards, the whole Community will, for the first time, constitute a single agricultural marketing area; within this area grain prices will be the same from Sicily to Schleswig-Holstein, and from Bavaria to Brittany. Prices will be fixed annually by the Council of Ministers, in Brussels; and support buying and export subsidies will be financed from the single Fund.

THE POLICY-MAKING MACHINERY

Major policy measures in the agricultural field are drawn up and adopted by the same principles as apply for other Community activities. Responsibility for making proposals lies with the Common Market Commission, and before drawing up a major proposal (such as a basic regulation extending the common policy to a new sector), the Commission's staff consults all those in a position to advise it: national governmental experts, and, through the organizations representing them at Community level, farmers, farmworkers, traders, food manufacturers, and others involved in agricultural trades and industries.

A draft proposal, approved by the Commission itself, is then sent to the Council of Ministers. Before the Council debates it, it is examined both in committee and in plenary session by the European Parliament and by the Economic and Social Committee (on which employers, trade unions and consumers are represented); these both render detailed opinions. Before the proposals reach ministerial level, technical points are thrashed out by national experts called together by the Council. Finally, a Council discussion takes place, during which the Commission is able to put forward amendments to its own proposals in order to permit a compromise acceptable to the member countries to emerge.

Once adopted by the Council, the decision is directly applicable throughout the Communities. All major policy-making, such as the annual setting of target price levels for the various products, is done by the Council on the basis of Commission proposals. Up till now, major decisions have required unanimity; from January 1, 1966, weighted majority voting becomes possible on all agricultural questions.*

For the day-to-day implementation of the farm policy, the Common Market Commission is primarily responsible, acting within the rules laid down by the Council and in close liaison with the member states. It is the Commission, for instance, which selects the most favourable c.i.f. price for supplies on the world market, to be used by national authorities in calculating the rate of levies to be applied. The Commission is aided by two sets of Committees. For each major product or group of products there is a **Management Committee,** consisting of senior national officials, which must be consulted on all implementing measures. This, like the other committees, works by weighted majority, using the same formula as for majority voting in the Council of Ministers. In order that the Commission may carry out effectively the day-to-day running of the farm policy, its decisions are definitive, unless the Management Committee

* France, Germany, Italy 4 votes each:
Belgium, Netherlands 2 votes each:
Luxembourg 1 vote:
Weighted majority requires 12 votes out of 17

votes by weighted majority against the Commission's proposal and for an alternative proposal. When the Commission does thus act independently, any member state may appeal to the Council of Ministers, which may reverse the decision (by weighted majority), provided it acts within a month.

There is also a **Fund Committee,** using the same procedures as the Management Committee, which must be consulted on all measures involving expenditure from the Guidance and Guarantee Fund, and a **Standing Committee on Agricultural Structures** which must be consulted on any action under the program for improving the farm economy.

In addition, the Commission has called into being a series of **Consultative Committees** – one for each commodity or group of commodities – composed of representatives of the groups affected by the common policy: farmers, farm-workers, traders, manufacturers, consumers, etc. It consults these on problems arising over the development and implementation of the common farm policy.

Lastly, it may be added that any dispute arising over the common farm policy can be taken before the European Communities' Court of Justice for a definitive ruling.

WHAT REMAINS TO BE DONE

While the acceptance of the Mansholt Plan represented a major advance, much remains to be done to complete the Community's common agriculture policy. Further steps necessary are:

1. Prices

Common prices have still to be fixed for the remaining agricultural products: dairy produce (which is the most important), beef and veal, sugar, rice, and fats and oils.

2. Organization

The farm policy's administrative machinery has still to be completed: this involves adopting common regulations on the products not yet covered (sugar, fats and oils, tobacco), and extending some of the existing regulations – in particular that for fruit and vegetables – which do not at present provide for any joint Community financing.

Work in the Council of Ministers went ahead in the first part of 1965 on the assumption that mid-1967, already thought of as a target date for completing the industrial customs union, would also see the completion of the common agricultural policy.

3. Financing

The original financing settlement, extending for three years, expired on June 30, 1965, and a decision has to be taken on financing details for the period until the common farm policy is completed. After the common farm policy has been completed, all levies will, by the Council's 1962 decision, go direct to the Community Fund. This move would, however, require ratification by the national parliaments; and, moreover, the yield from the levies will not be enough to meet the full cost of the common farm policy.

In March 1965 the Commission put forward proposals for the financing aspects, involving an interim period of two years in 1965–67 and a definitive policy to apply from 1967 onwards, with full Community financing for farm policy expenditure paid for from revenues accruing directly to the Community. These would arise from the levies on agricultural imports from non-member countries (which at present accrue to the individual member countries) and, gradually, from customs duties paid at the Community's external frontiers on manufactured goods.

During the discussions held on the Commission's proposals in the Council of Ministers in May and June 1965, it was generally accepted that interim financing arrangements should be made for the period 1965–67, when a definitive settlement would come into effect. No final agreement had been reached when the talks were broken off on July 1, 1965, and no decisions were possible during the latter part of the year owing to the absence of French representatives from the Council table. In October 1965, the Council, in the absence of France, reached a wide measure of agreement on the basis of a Commission document pointing the way to a solution in the light of the June discussions; no formal decisions were taken, however.

A settlement along the lines then agreed would mean a gradual increase in the share of farm policy expenditure to be financed by the Community over the period up to 1970, with all eligible expenditure financed from Community funds for any product for which common price levels have been agreed. This would mean that the common agricultural policy could largely be complete by July 1967.

II. THE MARKET ORGANIZATION FOR MAJOR AGRICULTURAL PRODUCTS

Grains

Regulation No. 9 "on the gradual establishment of a common organization of the market in grains", has in some ways become the prototype for the Community's farm market organization. As the Community's grain trade is one of the most important elements in its total external trade, the operation of this Regulation is of considerable importance to the Community's trading partners. This Regulation came into effect on August 1, 1962.

All national protection measures, and especially quantitative import restrictions, have been abolished. The sole protection against imports both from other member countries and from outside is an **import levy.** The levy system prevents cheaper grain imports from non-member countries from disrupting internal prices.

The levy is a variable charge, which can be adjusted from day to day to offset differences in supply prices. It is calculated as the difference between the free-at-frontier price of the exporting country (or the c.i.f. price if the exporter is a non-member country) and the threshold price of the importing country. The latter is so fixed that the selling price of the imported produce is equivalent to the target price set for the marketing centre of the main deficit area. (Special import licences are required if the importer wishes to pay not the delivery-date levy but one fixed in advance.)

The method for calculating the levy on imports from both member and non-member countries is essentially the same. In the first case, the relevant price is the free-at-frontier price of the *exporting* member country; in the case of the non-member countries it is the c.i.f. price in the *importing* country (calculated on the basis of the most favourable offer on the world market). However, in trade between member countries, the levy is reduced by a fixed amount in order to ensure a margin of preference to Community grain producers over non-Community producers. Moreover, producers in the member countries have the advantage of a guaranteed *intervention price*, which is 5 per cent to 7 per cent below the target price (wholesale). In each country, the official intervention agency is obliged to buy up at this intervention price any home-grown grains which the farmers cannot sell on the market at better prices.

Intra-Community trade in grain
Imports from other member countries ('000 tons)

	1961–62	1962–63	1963–64
Belgium-Lux mbourg	245	293	439
France	6	93	73
Germany	1,219	829	1,272
Italy	496	164	388
Netherlands	468	111	208
Community	2,434	1,490	2,380
of which: French exports to other member countries	1,716	922	1,812

The Community's grain trade with non-member countries
('000 tons)

	1961–62	1962–63	1963–64
Imports	17,039	15,119	16,399
Exports	3,468	5,086	6,485
Net imports	+13,571	+10,033	+9,914

The overwhelming bulk of Community grain imports consists of coarse grains, i.e. excluding wheat.

Coarse grains: Community net imports
('000 tons)

	1961–62	1962–63	1963–64
Belgium-Luxembourg	+1,445	+1,256	+1,221
France	–1,507	–826	–2,983
Germany	+4,488	+3,028	+2,896
Italy	+2,735	+3,916	+5,151
Netherlands	+2,545	+2,586	+2,818
Community	+9,706	+9,960	+9,103

+=net imports –=net exports

In 1964 the Six imported about 17 million tons of grain from non-member countries, but also themselves exported 10 million tons. Trade in grains between the Six amounted to only 1·6 million tons, of which three-quarters was exported by France.

Since the common policy for grains came into effect in 1962 Community net imports of coarse grains have been higher than in any year since 1958; wheat imports, on the other hand, have been falling. The rise in coarse-grain imports reflects the expansion of Community livestock production, especially in Italy. The major part of the increase in imports was of maize and millet from the USA.

Soft wheat: basic target prices 1965-66

(dollars per 100 kg)

Germany	11.89 =	DM	47.55
Lux mbourg	11.70 =	Lfrs.	585
Italy	11.44 =	Lit.	7,150
N therland	10.48 =	Fl.	37,95
Belgium	10.46 =	Bfrs.	523
Franc	10.0 =	FF	492.48

Grains: production and net imports

(million tons)

		1957–60 average	1960–61	1961–62	1962–63	1963–64	1969–72 estimated
Wh at	production	24.9	24.1	23.1	29.5	24.3	30.2
	net imports*	1.3	4.0	3.5	–0.3	0.6	—
Rye	production	5.1	5.1	3.5	4.0	4.1	
	net imports	0.2	0.1	0.6	0.8	0.3	33.2
Oth r c arse grains	production	20.4	24.1	23.0	24.3	20.6	10.0
	net imports	7.4	6.3	9.2	9.2	10.1	
Total grains	production	50.4	53.3	49.6	57.8	49.0	63.4
	net imports	8.9	10.4	13.3	9.7	11.0	10.0
D gr f self-sufficiency (%)		85	86	78	89	84	86

*Including flour in grain equivalents

Rice

When the Common Market Commission and the Council of Ministers came to work out the common market organization for rice, they were able to draw on the experience of the grain system. There was the major difference between the two sectors, however, in that there are only two rice producers in the Community: France and Italy.

Following the pattern of the grain system, the producer countries have a **basic target price** for husked rice in the main deficit (consumption) area, and derived target prices (fixed by the Council of Ministers) for the production areas.

The threshold price in the producer countries is so fixed that imported rice can be sold at the designated marketing centre of the main deficit area at the basic target price.

Both Community producer countries annually fix an intervention price for paddy, their main product. During the transition period the intervention price for each marketing centre is equal to its target price less 7%.

Common threshold prices for husked and broken rice are fixed by the Council for all member countries which do not produce rice; these are based on the most representative world market prices during the reference period.

In the course of the transition period, the Council is to take further decisions with a view to unifying the target prices of producer countries and the threshold prices of producer and non-producer countries.

An **import levy** is imposed on intra-Community trade between producer and non-producer countries, and is calculated to give Community rice producers a preference throughout the Six. Trade in rice between non-producer countries within the Community is subject neither to import levies nor to export refunds; thus to this extent a common market already exists.

In trade with non-member countries, imported husked rice is subject to an import levy equal to the difference between the most favourable price offered on the world market and the threshold price of the importing member country, and exporting member countries may grant an export subsidy equal to the amount of the difference between their price and the world market price.

When milled rice is imported from a non-member country, the import levy for husked rice is augmented by an amount calculated to protect Community millers. A similar, but lower, addition still applies to intra-Community trade in milled rice, but is to disappear gradually.

RICE

('000 tons)

	1963–64 Production	Consumption
Belgium-Luxembourg	—	48
France	86	137
Germany	—	121
Italy	451	366
N th rlands	—	50
C mmunity	537	722

Source: European Communities Statistical Office

Pigmeat

The Regulation "on the gradual establishment of a common organization of the market in pigmeat" covers live pigs and all other pork products, including sausages, tinned meats, offal, etc.

The market organization is based on a system of levies, a sluice gate price (minimum import price) and export subsidies.

The Regulation came into force on August 1, 1962, for live pigs and carcasses, and on September 2, 1963, for cuts (pork chops, ham, etc.) and preserved meats. It completely freed trade in the products concerned by abolishing all import quota restrictions both within the Community and on trade with the outside world.

Levies on intra-Community trade are being gradually reduced and they are due to disappear completely on July 1, 1967. The levy system will continue to apply to imports from non-member countries.

There are no target prices or support prices for pigmeat. However, until the end of the transition period, each country can request authorization to intervene in its home market to support pigmeat prices – an important safeguard for producers. The Commission will make proposals for the completion of this regulation by joint support measures.

To avoid dislocation of the market through imports at abnormally low prices from non-Community countries, a **sluice gate price** is fixed by the Council of Ministers. This is, in effect, a minimum import price: as soon as imports are offered below it, the amount of the levy is accordingly increased.

Intra-Community sluicegate prices are also fixed for each Community country, allowing a margin of Community preference over external sluice gate prices. These will disappear, with the internal Community levies, by the end of the preparatory period.

The **levy system for pigmeat** is slightly different from that laid down for grains because pigmeat is a "processed" product, with feeding stuffs as its raw material.

The levy on trade between Community countries is made up of two elements, the more important of which being intended to cancel out differences in the cost of feedgrains in the exporting and the importing country. From July 1, 1967, when grain prices will have been brought into line, there will no longer be any need for levies on pigmeat and there will thus be a completely free Community market, as there will be for grains. In the levies on imports from non-member countries – which remain in force after July 1967 – there is a third element which ensures a margin of preference to Community pig-farmers. At the end of the transitional period this margin will be set at 7% of the sluice gate price applied in the previous year.

PIGMEAT

('000 tons)

	1962–63	
	Production	Consumption
Belgium-Luxembourg	239	212
France	1,077	1,073
Germany	1,757	1,830
Italy	296	346
Netherlands	338	215
Community	3,707	3,676

Eggs and poultry

The basis of the Community marketing system for eggs and poultry is an import levy which leaves the regulation of supply and demand to market prices. There is no provision for guaranteed prices, market intervention or quotas. This presupposes a liberal import policy, such as existed already in the main importing countries, Germany and Italy, before the Community regulation came into force.

A sluice gate price system protects Community producers against abnormally low-priced imports from non-member countries. The whole system thus closely resembles that for pigmeat. But national policies for eggs and poultry are not so restrictive as those for pigmeat, and there is therefore no intra-Community sluice gate price for the former.

On December 15, 1964, the Council decided that intra-Community trade in eggs and poultry was to be completely free by July 1, 1967. The Commission is looking into the desirability of a common support policy for these products, to come into force on the same date.

The **levy on imports** comprises one part corresponding to the incidence on feeding costs in the importing country of the difference between the price of feed grain in that country and those ruling in world markets; and a second sum – based on the customs duties in force on August 1, 1962, for the product concerned. In internal Community trade, the first part will gradually disappear during the transition period as grain prices are harmonized, and the second will also be eliminated by the end of the transition period.

The levy applied to trade with non-member countries comprises in addition a third amount, to provide further protection for Community producers; this amount is a proportion, starting at 2 per cent and rising by the end of the preparatory period to 7 per cent, of the average minimum import price in the preceding year.

EGGS

('000 tons)

	1962–63	
	Production	Consumption
Belgium-Luxembourg	173	139
France	521	533
Germany	540	747
Italy	420	540
Neth rlands	328	157
Community	1,982	2,116

POULTRY MEAT

('000 tons)

	1963	
	Production	Consumption
Belgium-Luxembourg	86	78
France	435	421
Germany	120	293
Italy	245	250
Netherlands	98	33
Community	984	1,075

Beef and veal

The Regulation on the stage-by-stage establishment of a common organization for the beef and veal market provides for two domestic prices: a guide price and an intervention price.

The **guide price** is not a guaranteed producer price; it is an average price which it would be desirable for farmers to receive for all their output in a normal year. Accordingly, the provisions of the Regulation are intended to prevent market prices from departing too far from the guide prices.

Imports of beef and veal are subject to customs duties, which, in intra-Community trade, are to be abolished gradually, while those now applicable to non-member imports are to be aligned until they reach a common level. The duty in the common external tariff will be 16% for live cattle and 20% for meat.

Additional protection in the form of price support measures aims at giving Community producers fair average returns on their output. When domestic prices are under pressure, importing member countries may charge a supplementary levy equal to the difference between the world price, plus customs duty, and their guide price. In the case of mature beef cattle and corresponding butchers' meat, member countries may intervene on the domestic market to support prices.

The application of these supplementary measures is conditioned by the relation of market prices to the guide price for mature cattle and calves, and governed by precise rules:

- when the weighted average of domestic prices exceeds the guide price by 5 per cent customs duties only are applicable, regardless of the price ruling for imports from non-member countries;
- when the weighted average of domestic prices falls below the guide price, the supplementary levy is charged;
- when the weighted average of domestic prices is at any intermediate level between these two, only half the supplementary levy is charged.

Domestic **intervention prices** for mature beef cattle and corresponding butcher's meat are lower than the guide price, and when domestic prices fall to that level various measures of support may be taken. Thus the intervention prices are a sort of alarm signal and mark the line below which price supports come into operation.

During the transition period governments may also impose a supplementary levy over and above customs duties on imports from other member countries. This levy may not raise the price of the imported goods to more than 96% of the target price for member countries intervening in their national markets, or to more than 90% of the target price in countries where the governments do not intervene.

Neither domestic intervention nor a supplementary levy on imports from other member countries is admissible in the case of calves.

Imports of frozen meat from non-member countries are subject to special rules. The tariff quota of 22,000 tons bound under GATT at a duty rate of 20 per cent has been maintained, and one or more supplementary quotas subject only to an often very much reduced customs duty may be opened for frozen meat due to be processed in the importing member country.

The upper and lower limits of national guide prices for 1964–65 were fixed by the Council as follows:

Live animals	Upper limit	Lower limit
Mature cattle (100 kg)	DM 235	DM 205
Calves (100 kg)	DM 345	DM 305

These guide prices are to be gradually aligned until a single common guide price is established. Since current prices do not vary widely, the common market in beef and veal may well come about sooner than the original target date of December 31, 1969.

BEEF AND VEAL

('000 tons)

	1963–64	
	Production	Consumption
Belgium-Luxembourg	218	234
France	1,480	1,427
Germany	1,088	1,253
Italy	461	883
Netherlands	274	254
Community	3,521	4,051

Source: European Communities Statistical Office

Milk and dairy products

Milk and dairy products are a very important source of income for Community farmers: they provide some 25 per cent of total farm incomes. In addition, the closely related income from beef and veal accounts for another 15 per cent of total incomes. The simultaneous entry into force of common rules for these two groups of products on November 1, 1964 was thus a significant step towards the common organization of agricultural markets.

For the time being, the regulation covers all major dairy products except fresh milk and cream, for which special arrangements will have to be decided later.

There are marked differences between the six national markets for dairy produce, and it was particularly difficult to work out a common market organization. In addition, there is such a wide range of products containing a greater or lesser proportion of milk that the limits of the application of the common rules had to be carefully defined.

The three main elements of the grain system – import levies, guaranteed prices and market intervention – are present also in the common market organization for milk and dairy products.

The **common target price** which is to rule once the market is unified is defined as "the price which it is desired to guarantee to all producers for all milk sold during the milk year".

During the first of two stages of the transition period, national target prices have to remain within a range whose upper and lower limits are fixed by the Council. During the second stage, these national target prices are to be gradually aligned on the common target price fixed each year during the transition period.

Following the decision on common grain prices, a similar decision on common milk prices was due to be taken by the Council of Ministers in June 1965. This matter needed to be settled both to enable the Community to negotiate on dairy products in the Kennedy Round and also because the large sums involved meant that it was closely tied in with the problem of the financing regulation. The decision was postponed as a result of the Community crisis starting in July 1965.

Threshold prices serve as a calculation basis for the import levy in order that producers may be protected against imports at excessively low prices.

The amount of the **import levy** has not been laid down for every product separately, but only for a so-called pilot product in each of 13 groups of products. Thus the levy for the pilot product is in principle also applicable to the derived products. Among the pilot products are condensed milk, skimmed milk powder and some cheeses. Customs duties on Cheddar cheeses are being "consolidated", i.e. fixed under GATT agreement.

The amount of the levy corresponds to the difference between the threshold price and the exporter's price free-at-frontier in the importing country. Deduction of a standard amount in intra-Community trade provides a measure of Community preference.

(A) Threshold prices are initially fixed by each member country on the basis of a reference price (an arithmetic mean of ex-factory prices in 1963) for each group of products, and will gradually be aligned on a common threshold price fixed by the Council of Ministers.

(B) Free-at-frontier prices are determined by the Commission, as follows:

In intra-Community trade, they are determined on the basis of ex-factory prices plus an amount calculated on a flat-rate basis and representing transport costs up to the frontier of the importing country and the frontier-crossing costs. For imports from non-member countries, the free-at-frontier prices are fixed on the basis of the most favourable purchasing possibilities in international trade.

In no other agricultural sector have national governments assisted producers as generously and consistently as in the milk market. For example, throughout the Community, total milk subsidies paid out in 1963 amounted to $500 million (of which half was spent in one country). Under the Common Market organization, direct subsidies for milk production will gradually disappear, and producers will get an assured income from the market itself. Accordingly, the Council of Ministers decided that no new subsidies may be introduced and that existing subsidies may not be raised.

Intervention to support the market is planned for butter. This will involve buying at common expense surpluses of first-grade farm butter or granting aid for private butter storage, both of which will gradually become entirely a Community responsibility during the course of the transition period.

Government support for the markets in other products is still allowed, but it must be paid for by member countries themselves; in any event the Commission must be notified beforehand. In 1966 the Council is to decide whether national support measures are to be integrated in a common system for products other than butter. At the end of the transition period there will be only Community intervention taking place and no national subsidies will be permitted.

BUTTER

('000 tons)

	1962–63	
	Production	Consumption
Belgium-Luxembourg	72	73
France	326	306
G rmany	396	422
Italy	50	77
N therlands	83	57
C mmunity	927	935

Source: European Communities Statistical Office

CHEESE

('000 tons)

	1962–63	
	Production	Consumption
Belgium-Luxembourg	30	56
France	507	492
Germany	330	430
Italy	334	369
Netherlands	220	116
Community	1,421	1,463

Source: European Communities Statistical Office

Fruit and vegetables

Under the Council of Ministers' decisions of January 24, 1962, on fruit and vegetables, trade in these products was left almost entirely to the free play of competition. Customs duties on trade within the Community are being gradually abolished during the transition period, as national duties are aligned on the Community's common external tariff for imports from the rest of the world. Quantitative restrictions on trade between member countries were removed on July 1, 1962, for Extra quality products and on January 1, 1964, for Grade I products; Grade II products are to be similarly liberalized not later than January 1, 1966. Quality standards were defined at Community level on the basis of work done in OEEC and by the United Nations' Economic Commission for Europe.

Some of the Six have had once or twice to invoke the safeguard clause, which is a sort of alarm-bell in the market organization. As a result, imports both from other member and from non-member countries were temporarily suspended so as to guarantee reasonable prices for producers (e.g. of apples) in one or other member country.

The Community standards for quality, size, presentation and packaging have proved no less helpful for producers and traders than for consumers. Products subject to the common rules are acceptable for intra-Community trade and as imports from non-member countries only if they meet the Community standards or, in the latter case, at least equivalent standards. This system has helped to simplify trade and was an essential first step to the unification of the Community market for fruit and vegetables.

Proposals under discussion in 1965 would extend the approved Community standards to fruit and vegetables grown and marketed within member countries. As a second step, it is now planned to bring in a common market organization which would mean that the fruit and vegetable sector could benefit from Community financing, which has not been so hitherto.

In May 1965 the Council extended the system applying to fruit and vegetables by instituting a reference price which plays a similar role to the sluice-gate price in protecting Community producers against excessive competition from cheap imported supplies. The reference price is however calculated on the basis of producer prices inside the Community (unlike the sluice-gate price, which is derived from prices on the world market).

Further proposals, aiming at preventing surplus production and stabilising prices, are:

- that producers be grouped or encouraged to group themselves in producer societies;
- that the authorities intervene in the market to compensate any undue price falls in cases where producer societies lack funds to redress the situation;
- that protective measures be taken against dumped imports from non-member countries and commercial policies and export subsidies harmonized.

These proposals constitute a major step towards a common market organization for fruit and vegetables. The intention is to unify the market from 1966.

FRUIT AND VEGETABLES

('000 tons)

	Vegetables 1962–63	
	Production	Consumption
B lgium-Lux mbourg	899	804
Franc	5,915	6,025
Germany	2,258	3,092
Italy	8,854	7,485
Netherlands	1,581	962
Community	19,513	18,364

	Fruit (including citrus) 1962–63	
	Production	Consumption
Belgium-Luxembourg	274	493
France	1,940	3,045
Germany	2,861	5,306
Italy	6,985	5,476
Netherlands	454	774
Community	12,514	15,094

Source: OECD

Wine

As producer of 60 per cent of the world's wine – and of a much greater proportion of its fine wines – the Community has a vital interest in the maintenance of a healthy viticultural economy, even though well over 90 per cent of its own output comes from France and Italy.

The proposed Community marketing organization aims at **stabilizing markets and prices** by adapting supply more closely to trends in demand; this in turn requires a policy of **quality control.**

As a first step, a complete picture of the supply situation was needed, and to this end the Six agreed to prepare a viticultural land register of the total area under vines, distinguishing the type of product, size of vineyards, and cultivation methods. Each year, producers and wholesalers are obliged to declare their stocks and the quantities produced or acquired during the previous year. With this information, the Commission draws up a forecast of the Community's wine resources and requirements, including foreseeable imports from non-member countries and exports to them.

The Council's Regulation of January 14, 1962, on the stage-by-stage establishment of a common organization of the market in vine products defined, among other things, the factors to be taken into account in working out a subsequent Community regulation on quality wines produced in specific areas of the Community. Accordingly, the Commission prepared a proposal which defines common standards for appraising wines of different origin for which the appellation of quality wine is claimed. The Commission does not compare the merits of existing national quality-control measures, nor does it propose that they continue in parallel with its own proposals; instead, it has proposed a common system which makes careful allowance for all factors which in any member country contribute to the virtues and distinctive properties of quality wines. The Commission's proposal is designed also to eliminate anything which might give rise to fraud or indeed mere mistakes in this field.

The proposal, accordingly, first lays down rules for the demarcation of areas of production, for admissible vine stocks and for methods of cultivation. Any wine named after any given area must in fact come from that area, demarcated precisely in accordance with all the factors which have a bearing on the quality of the wine. The quality of wines also depends on the vine stock and the methods used in wine-making. The Commission's proposed prohibition of sugaring and blending has given rise to controversy among wine producers and the trade. However, to allow for practices in different member countries, the Commission proposed that in certain cases the alcohol content of the wines may be raised by three degrees and their volume by at most 8 per cent.

WINE

('000 hectolitres)

	1962–63	
	Production	Consumption
Belgium-Luxembourg	125	866
France	72,686	57,279
G rmany	3,928	7,669
Italy	69,993	58,149
N th rlands	5	294
Community	146,737	124,257

Source: European Communities Statistical Office

	1963–64	
	Production	Consumption
Belgium-Luxembourg	161	857
France	54,180	60,152
Germany	6,034	7,088
Italy	53,640	53,559
Netherlands	8	309
Community	114,023	121,965

III. COMMUNITY AGRICULTURE AND WORLD TRADE

The European Economic Community is the world's largest single importer of agricultural produce. Moreover, between 1958, when the Common Market came into existence, and 1964 the Community's agricultural imports rose from $7,356 million to $10,000 million. This trade runs at a much higher absolute rate than trade in foodstuffs between the member countries, which has, however, risen even more sharply (from $1,246.1 million in 1958 to $2,822 million in 1964). This steady increase in the Community's demand for farm produce from the rest of the world is due essentially to the regular expansion of the economy of the Six, to which the Common Market has contributed.

Given this predominant position, the Community has accepted its responsibility for improving the conditions of world trade in agricultural produce.

The Rome Treaty provides for the Community working out a common commercial policy, which will apply from 1970 onwards. The first step in this direction was the elaboration of the common external tariff for industrial goods, on which national tariffs are being aligned. First in 1961–2, and again starting in 1964, the Community has taken part in international negotiations under the General Agreement on Tariffs and Trade (GATT) for lowering industrial tariffs. In the agricultural sector, the situation is more complicated and the commercial policy followed depends on the way internal agricultural policy is conducted. For many products the tariffs and other national measures of protection against outside competition formerly applying in the Six have been replaced by a system of levies. The levy system itself can be considered to be "neutral". It is the level of target prices which determine to what extent the system is liberal or protectionist.

The Community's agricultural imports

($ millions)

Imp rt d from	1958	1963	1964	% change 1958–64
C mmunity c untries	1,246	2,489	2,822	+126
N n-member c untries of which:	7,356	9,436	10,149	+56
Industrial countries of which:	3,128	4,337	4,768	+52
EFTA	859	1,094	1,026	+19
United States	889	1,358	1,627	+77
Developing countries of which:	3,820	4,370	4,642	+21
*Overseas associates**	1,264	1,081	1,164	–8
Latin America	1,090	1,567	1,745	+59
Communist countries	385	720	728	+91

*Algeria, overseas departments and territories of member states, and eighteen African countries and Madagascar associated with Community.

Countries traditionally exporting foodstuffs to the Community were afraid that this system might prove detrimental to their trade. For example, during the course of the negotiations on United Kingdom membership of the Community, the British delegation sought commitments about the future of trade in temperate zone foodstuffs from the Commonwealth countries. The Community, which was then still elaborating its farm policy, felt unable to accept quantitative commitments which would, moreover, not be in keeping with a system where price-levels are the determining factor. Instead it proposed a long-term solution based on world-wide agreements on price and production policies for various products. When it was decided to include agricultural trade in the new world-wide series of trade talks starting in 1964 (the Kennedy Round) the Community again found itself facing a demand for commitments about the level of its imports. In this, as in all multilateral negotiations of tariffs and trade, the Commission negotiates on behalf of the Community as a whole, under directives agreed by the Council.

New approach

The attitude then adopted by the Community constituted a fundamentally new approach to the problems of regulating and freeing world trade in foodstuffs. The Community's negotiating position in Geneva was established by the Council of Ministers in December 1963 on the basis of a proposal from the Commission. It derives from the idea that all national farm policies involve an element of support for farmers – whether it is by levies, deficiency payments, protective tariffs or support buying – which influences both the producer's prices and the quantities of foodstuffs involved in international trade. Each country should therefore be asked to "bind" – i.e. not to increase unilaterally or without compensation – the amount of support being received by its farmers in whatever form: the "support level" to be frozen in this way, would be measured as the difference between prevailing world prices and the return effectively received by the farmer for his output. Under this scheme, the support level would be bound for three years, after which period it could be extended or renegotiated. The support level scheme would be backed by the conclusion of world agreements aimed at stabilizing prices for major products such as wheat, some feedgrains, beef and veal, some dairy produce such as butter, sugar, and possibly vegetable oils.

Thus the Community declared itself ready to accept commitments about its farm policy, provided other countries would do so also. The Community's offer, however, is only meaningful in so far as its own policy has been defined and can serve as a basis for negotiation and commitments. It was in December 1964 that the Council of Ministers fixed the common grain price to be applied in 1967, thus making it possible to begin discussing within the Kennedy Round framework the Community scheme as it would apply to the world grain market. As a basis for negotiation, the Community in the spring of 1965 put forward proposals for a world organization of the market in grains. The main elements of this would be controlled stocking to prevent gluts on the market, the establishment of world reference-prices which would serve as a guide line for production and trade, the binding of support levels and aid to the less-developed countries by a system of annual compensation, which the richer countries would finance by provision of grain at prices below the world market level. Negotiations on dairy products and meat, due to begin in September 1965, were delayed because the Community had not fixed its common price levels because of the crisis which began at the end of June 1965.

When the Community's common external tariff was presented in GATT, certain "bindings" of customs duties which had been negotiated by individual member states had to be ended, since the products in question were due to come under the common agricultural policy. In their place the Community accepted a commitment to enter into negotiations with its chief suppliers, once the common agricultural policy was in force, should the level of their exports decline appreciably. Such agreements were concluded with the United States for maize, sorghum, ordinary wheat, rice and poultry, and separately for quality wheat and with Canada for both ordinary and quality wheat. It was one of these agreements which the United States invoked in 1962 when it became concerned at the fall in its frozen poultry exports to the German market.

Agreements with Associates

Agriculture has also been included in the various forms of association concluded by the Community with non-member countries.

The Yaoundé Convention of 1963 linking the Community with 18 independent African countries ensures that the latter will enjoy increasingly free access to the markets of Community countries. In the case of foodstuffs subject to a common market organization, the measures to be applied are worked out as the common farm policy comes into effect for each product; special systems apply for manioc and for rice. Also under the Convention, the Community is devoting $300 million of the $800 million in financial aid which it is giving over five years to improving marketing and to encouraging diversification of production and stabilization of market in the associated countries.

Agriculture is also covered in the Community's association agreement with Greece, signed in 1961, which has as one of its goals equal treatment for the agriculture of Greece and of the Six. Harmonization of policies is due to proceed as Greek market organization is brought into line with the Community system. In addition, for certain products of particular importance to the Greek economy, the Community has taken additional steps: lower duties on tobacco and special tariff quotas for raisins and wine.

In the association agreement with Turkey, signed in 1963, the Community accords that country during the five-year preparatory period special tariff quotas for raw tobacco, raisins, dried figs and nuts. Tobacco and raisins will receive the same tariff treatment as in the case of Greece.

The bilateral trade agreements concluded with Iran in 1963 and Israel in 1964 also included concessions on selected agricultural products of particular importance to these countries. Association agreements due to be negotiated with Algeria, Morocco and Tunisia are also certain to cover the agricultural sector.

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Enquiries about these and other publications of the Information Service should be made to:

European Community Information Service

London: 23 Chesham Street, SW1

Washington: 808 Farragut Building, 900 17th Street, NW, Washington D.C. 20006.

New York: 2207 Commerce Building, 155 East 44th Street, New York N.Y. 10017.

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