COMMISSION OF THE EUROPEAN COMMUNITIES

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Study

THE COMMON AGRICULTURAL POLICY AND THE EEC'S
TRADE RELATIONS IN THE AGRICULTURAL SECTOR
(EFFECTS ON THE DEVELOPING COUNTRIES) (1)

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(1) The Commission asked its staff to prepare this study in connection with the European Parliament's resolution of 18/9/80 no. 1-341/80 (para.44) on the EEC's contribution towards combatting hunger in the world.

PREFACE

1. During the debate on hunger in the world, one of the problems of concern to the European Parliament was the repercussions of the Community's agricultural policy and agricultural trade on the rural development and food situation of the developing countries (DCs). To enable it to consider this subject in greater depth, Parliament invited the Commission in its resolution of 18 September 1980 to undertake a study into :

- the effects of the CAP on the international trade in foodstuffs;
- the repercussions of the EEC's agricultural exports on world markets and on the DCs.

2. Moreover, the alleged effects of the EEC's agricultural and commercial policies on rural development in the Third World are also a subject of concern to the DCs, who, at international meetings in the field of rural development, frequently question - albeit in rather general terms - the "agricultural protectionism" of the developed countries in general and of the EEC in particular. In so doing they refer in particular to the analyses carried out by international bodies such as the FAO, UNCTAD, the WFC, etc.

3. The purpose of this study is to answer the questions raised by the European Parliament, while dealing at the same time with the analyses put forward by certain international bodies.

This study consists of two parts.

The first part looks at trends in agricultural trade between the DCs and the EEC in general. Following an overall analysis, the study endeavours to assess the repercussions of the CAP on the DCs' agricultural trade. Moreover, the supply and demand trends for agricultural products in the DCs are examined with a view to establishing the outlook for the future.

The second part is devoted to study of the EEC's agricultural commercial policy with regard to the DCs. Following an outline of the basic principles of the CAP and the main features of the multilateral and bilateral framework within which agricultural trade between the EEC and the DCs takes place, the study analyses trade between the EEC and the DCs in the different types of products subject to a common market organization.

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LISTE OF ABBREVIATIONS

ACP	African, Caribbean and Pacific States, signatories with the EEC to the Lomé Convention
CAP	Common agricultural policy
CCT	Common Customs Tariff
DC	(Market economy) developing country according to the definition used by the FAO and UNCTAD, i.e. Africa (excluding South Africa), Latin America, Asia (Excluding China, North Korea, Kampuchea, VietNam, Mongolia and the USSR) and Oceania (excluding Australia and New Zealand)
EEC	European Economic Community
EUR-6	EEC as originally constituted (Belgium, Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands)
EUR-9	EEC after the first enlargement (the above six Member countries plus the United Kingdom, Ireland and Denmark)
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IBRD	International Bank for Reconstruction and Development
MMI	Maghreb countries (Morocco, Algeria and Tunisia), Mashreq countries (Lebanon, Egypt, Syria and Jordan)and Israel, with which the EEC has concluded Cooperation Agreements
MTN	Multilateral trade negotiations organized under GATT from 1973 to 1979
NIMEXE	Tariff nomenclature used by the EEC
SITC	Standard International Trade Classification (international tariff nomenclature)
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development

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SUMMARY AND CONCLUSIONS

1. It can be concluded from this study that the inevitable repercussions of the CAP on non-member countries, and in particular on the developing countries (DCs) [1], vary according to the product concerned and from country to country; nevertheless the impact is relatively limited.

The repercussions were studied by setting trends in trade between the EEC and developing countries in products covered by the CAP in the context of world trade trends for agricultural products.[2]

The main points brought out by the study may be summarized as follows :

1.1. The EEC is the world's largest importer of agricultural products and the DCs' biggest customer. In 1979 the EEC imported almost $ 55 000 million worth of agricultural products worldwide, of which $ 27 000 million came from the DCs (this represented 27 % of world agricultural exports and 30 % of the DCs' agricultural exports). The EEC imports $ 100 worth of agricultural products from the DCs per head of population, approximately twice the corresponding figure for the United States ($ 49) or Japan ($ 56).

1.2. In total volume terms, the introduction of the CAP has had little effect on the DCs' share in the EEC's agricultural imports. In 1979 the DCs supplied 43 % of the EEC's agricultural imports, a figure indentical to that for 1962 (the year the CAP came into existence). Between 1962 and 1979 that market share fluctuated, but the fluctuations, following fairly closely the trend of the DCs' share of the world market for agricultural products, reflect more the changes in the supply of those products offered by the DCs than any changes in the EEC's import policy.

1.3. As regards the geographical area covered by the EEC's agricultural imports from the DCs, there were changes linked to supply developments in the various regions of the Third World. Indeed, the DC regions which considerably expanded their total exports (Latin America, Middle East) also

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(1) For definition of "developing country (DC)", see List of abbreviations, page V.

(2) For definition of agricultural trade, see page 2.

increased their share of the Community market - at the expense of other regions whose expansion of total agricultural exports was on the low side (Africa in particular).

1.4. The CAP does not appear to have had any significant effect on the composition of agricultural imports from the DCs. If, in the DCs' total agricultural trade, one isolates the products for which the DCs are net exporters and which are subject to CAP-based rules on importation into the EEC, it is found that the proportion of the DCs' total atricultural exports accounted for by such products does not differ appreciably whether one considers exports to the whole world (21 %) or exports to the Community alone (17 %). However, a more detailed analysis shows that these products do not enter the EEC under the normal arrangements but under specific commercial regimes granted to certain groups of countries; this is the case with sugar (ACP sugar protocol, India), beef and veal (ACP), tobacco (GSP), etc...

1.5. Analysis of the tariff arrangements applicable to the DCs' agricultural exports reveals that 60 % of such exports, in value terms, face a zero duty, one-third are subject to a relatively low duty and only 7 % of the products are actually subject to levies. These percentages illustrate the efforts made by the EEC at multilateral level (GATT, MTN) and bilateral level (Lomé, MMI) and via the introduction of the GSP.

2. The CAP has also had repercussions on the DCs' agricultural trade insofar as it influences the trend of exports of agricultural products from the Community. The repercussions, though varying from case to case, are relatively limited, generally speaking; it is permissible to state, however, that European production and exports make a real contribution to strengthening world food security.

2.1. The EEC is the world's second-largest exporter of agricultural products and the second-largest supplier of such products to the DCs.

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In 1979 it exported almost \$ 21 000 million worth of agricultural products worldwide, including \$ 10 000 million to the DCs; these figures represent 10 % of world agricultural imports and 16 % of the DCs' agricultural imports. By way of comparison, the United States provides 20 % of world agricultural imports and 23 % of the DCs'. It is important at this stage to note the EEC's sizeable agricultural trade deficit both worldwide (\$ 34 000 million) and with the DCs (\$ 17 000 million); the cover rate is 0.42 for all agricultural trade and 0.37 for agricultural trade with the DCs.

2.2. The DCs are an important market for the EEC: they take 42 % of the EEC's agricultural exports. This percentage is increasing, even though the EEC's share of world trade has remained constant at around 10 %, following a slight increase when the CAP machinery was established.

The increase in the proportion of Community exports accounted for by the DCs is the result of :

- the increase in the DCs' total agricultural imports. It is interesting to note that this increase came about fairly suddenly in 1973 and 1974 as a result of the food crisis at that time and the increase in the agricultural imports of the oil-exporting countries;

- the increase in the EEC's share of agricultural products imported by DCs.

Although EEC exports have increased at more or less the same rate in all the regions of the Third World in recent years, the importance of the Middle East as a market for Community agricultural products has shown a particular increase.

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2.3. Most of the agricultural products exported by the EEC are products covered by the CAP (nine-tenths). For the vast majority of these products, the DCs are net importers. It can therefore be said that, in sofar as the DCs are concerned, changes in the EEC's agricultural production have enabled it to help meet an ever-increasing demand for food, particularly in the cereals and milk products sectors.
For the former product, the EEC occupies a relatively minor position (5 %) on the market, which is dominated by the North American exporters; for the latter product, the EEC has always occupied a dominant position (72 % of the world market in 1979).

It has to be recognized, however, that some Community exports do in fact compete with certain DC exports. Approximately 20 % of the EEC's agricultural exports worldwide consist of products, principally sugar and beef, for which the DCs are as a whole net exporters.

For both sugar and beef, the EEC share of the world market is relatively small even though it has steadily increased in recent years.

3.1. If the trend of the DCs' trade is placed in a wider economic context, it can be seen that the slow expansion of DC exports and the rapid increase in their imports are due above all to developments on their domestic markets . In fact, the most important factor in these developments is the slow increase in production compared with the rise in demand. In addition, consumption patterns in DCs have also changed resulting in an increase in imports of products which frequently are difficult to produce locally (wheat, certain types of meat, dairy products). The expansion of EEC exports, in particular, is greatest in the case of the developing countries whose domestic demand has increased more rapidly than production.

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3.2. This overall analysis is borne out by an examination of the development of trade in the main groups of agricultural products.

Two types of products have to be distinguished here : those for which the DCs run a deficit - which is expected to increase between now and 1990 or the year 2 000 - and those of which the DCs have an exportable surplus.

a) The DCs' deficit will increase rapidly for products such as cereals or milk products. The EEC's exports help towards meeting the deficit.

b) With regard to the products which are exported by the DCs and can compete with Community products - not therefore including tropical products (coffee, cocoa, tea, textile fibres, rubber) - problems have already arisen or will arise for the Community. The level of the EEC's self-sufficiency rate for sugar and beef limits its capacity for importing larger quantities from the DCs and means that in certain cases the EEC has exported on the world market. In the oil crops sector, the EEC is still a net importer but future enlargement will pose delicate problems in this field vis-à-vis traditional suppliers of olive oil.

3.3. A regional analysis of the agricultural situation in the third world highlights the dramatic deterioration in Africa. Since 1960, Africa's share of world agricultural imports have been increasing and its share in agricultural exports decreasing. This trend (also reflected by a fairly steep rise in the growth rate of imports and a decline in the rate of export growth) is explained by the increasingly serious imbalance between supply and demand of agricultural products.In fact, among the different developing regions, Africa has the greatest difference between the rates of increase in production and consumption.

4. Examination of the trend of arrangements for trade between the EEC and the DCs in the case of the most important agricultural products subject to a common market organization leads to the following observations :

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4.1. The market organization have progressively abolished national protective measures and established a Community regime, based essentially on non-discrimination, which is generally more liberal than were the national measures preceding it.

The EEC's import policy is not geared solely to the levy refund system, which is often identified with the CAP, but also embraces other arrangements : the combination of the levy and customs (e.g. fresh beef and veal); the combination of customs duties and a reference price system (wine, certain fruit and vegetables); or a customs duty alone.

The quantitative import restrictions which most of the Member States applied (or could apply) before the CAP was established do not form part of the normal range of protective instruments at the EEC's frontiers.

4.2. In the oilseeds, oils and oilcake sector, the EEC opted in 1966 for liberal import arrangements : for all seeds and oilcake the duty is zero; for oils , duties are between 5 % and 15 %. Imports of oils from the DCs are covered by preferential arrangements under the Lomé Convention (exemption from customs duty) or the GSP (reduction of duties). Community imports of these products have grown rapidly, the increase in imports of oilseeds being accounted for first and foremost by the United States, whereas the increase in imports of oils and oilcake is accounted for by the DCs.

4.3. In the olive oil sector, the EEC introduced a levy system as from 1966. For this typically Mediterranean product there is no real world market. To safeguard the interests of associated countries, such as the Maghreb countries and Turkey, the EEC granted preferential arrangements - under the cooperation agreements with those countries - whereby part of the levy is replaced by an export tax.

4.4. In the sugar sector, a new market organization was introduced as from 1 July 1981. This system covers prices, quotas and trade arrangements. The new system stipulates that henceforward charges for Community sugar exports will borne by producers.

This is a fundamental change in the policy of the EEC, which had become a net exporter of sugar with an increasing share of world exports. The EEC maintains sizeable trade flows with the DCs : the EEC imports raw sugar from the DCs and re-exports refined sugar (particularly to the Middle East). The EEC has given the ACP sugar producers and India preferential arrangements guaranteeing them access to the European market for fixed quantities at a price within the range of prices paid to European producers.

4.5. The organization of the cereals market that has been in existence since 1967 rests essentially on the annual fixing of Community prices (intervention price, reference price and threshold price). In trade with non-member countries, levies are charged on imports and refunds can be granted on exports. There is provision for reductions in the levy for certain cereal imports from Morocco, Turkey and the ACP.

In addition, the EEC imports quantities of manioc - notably from Thailand and Indonesia - which is used instead of cereals for animal feed. Since the DCs have a large cereals deficit, the EEC grants refunds on exports and issues long-term certificates which can help them. It has also stepped up its contribution of cereals supplied in the form of food aid.

The role played by the EEC on the world market has grown in recent years, particularly since the EEC's self-supply rate for cereals has risen above 100 %, but it is severely constrained by competition from the dominant North American exporters.

4.6. The market in milk and milk products is based on the principle of intervention prices and trade with non-member countries is subject to the refund levy system. In order to limit the growth of internal production, special measures such as the corresponsibility levy have been introduced. The EEC is the world's largest exporter of milk and milk products and the largest supplier to the DCs. For some ten years now the EEC has been providing substantial food aid in the form of milk products, thus allowing agricultural products available in Europe to help offset the DC's food deficit.

4.7. The Community rules covering imports of beef and veal provide for the combined application of customs duties and a variable levy. In recent years the EEC has become a net exporter of beef and veal but the trade balance with the DCs as regards this product shows a clear deficit for the EEC. The DC's share of imports of beef and veal into the Community has shown a consistent increase. Under the Lomé Convention, the EEC gave the ACP meat exporters the right (subject to quota arrangements) to replace 90 % of the levy by an export tax.

4.8. The levies on poultrymeat are made up of two components : a "cereals" component, which takes account of the quantity of cereals needed as a production input, and an "industrial" protection component. The refunds are calculated in the light of the world market price for the products and the price in the Community. Since poultry rearing is characterized by fairly advanced technology, the world market is dominated by the developed countries (EEC, USA) although recently Brazil has begun to develop its exports. EEC exports of poultrymeat to certain DCs saw a rapid expansion during the seventies (Arab peninsula, Iran).

PART ONE

ANALYSIS OF THE DEVELOPING COUNTRIES' TRADE IN AGRICULTURAL PRODUCTS WITH THE EEC

0. Introduction

The possible repercussions of the CAP on the developing countries' (DCs') agricultural trade cannot be studied in isolation.

Firstly, the CAP covers only a limited number of agricultural and food products of interest to the DCs and in order to have a full idea of the policy's direct and indirect repercussions on those countries it is necessary to situate Community imports and exports of CAP products from and to the DCs in the context of the EEC's total agricultural trade with the DCs.

Secondly, agricultural trade between the EEC and the DCs can be analysed only in the context of world agricultural trade. It is important to know to what extent changes in EEC-DC agricultural trade are compensated for (or not) by changes in trade relations with other regions of the world.

In order to take account of these various aspects, this chapter first considers the overall development of the EEC's agricultural trade before analysing trade in the various types of agricultural products. The second chapter will then establish the link between the trend of the agricultural trade of the DCs and their production/consumption of agricultural products so as to arrive finally at an outline of the possible development of the DCs' agricultural trade between now and the year 2000.

A number of preliminary remarks should be made.

1. Two distinct periods are covered in the analysis. The first period, from 1963 to 1972, covers the establishment and early years of operation of the CAP for the six-member Community (EUR-6), the common market organization machinery having entered into force in 1968.
   An analysis of the data for this period makes it possible to identify the impact of the introduction of these measures on the EEC's trade relations with the DCs.

The second period, 1973-78, covers the first years of the Community of Nine (EUR-9) and the progressive application of the agricultural and commercial policies to the new members of the Community.

2. In order to be able to describe and analyse agricultural trade relations between the EEC and the DCs in the context of world trade in agricultural products, it has been necessary to base the study on the statistics published by international organizations and these are available only up to and including 1978.

For the parts of the analysis dealing with the trend of EEC imports and exports, on the other hand, Eurostat sources are used in order to ensure that the most recent information is available.

3. To permit a comparison of the statistical data from various Community and non-Community sources, the Standard International Trade Classification (SITC) has been used in preference to the Community classification (NIMEXE). In the SITC, agricultural exports include food products (SITC 0+1+22+4) and agricultural raw materials (SITC 2-22-27-28). The NIMEXE definition of agricultural trade (Chapters 1 to 24) is more restrictive than the SITC definition. For example, it does not include rubber, textile fibres, hides and skins, etc....

4. Most of the data on imports and exports are expressed in current prices and in dollars or ECU. This, apart from the problems of conversion to the chosen currency unit, raises questions of interpretation because of the phenomena of inflation and relative price trends that arise, particularly if the analysis covers a fairly long period.

In order to resolve these difficulties, two methods have been followed. In the first chapter, the analysis is carried out in terms of "market shares" so as to eliminate inflation. In the second chapter, the data have been converted from value to volume terms using the available information on inflation and the trend of relative prices.

1. The EEC's agricultural trade with the developing countries

1.1. Overall analysis

1.1.1. The Community's imports from the developing countries in the context of world trade

a) The EEC's total agricultural imports amounted to more than \$ 55 000 million in 1979.
Since its creation, the EEC has always kept its position as the world's largest importer of agricultural products.
During the period 1963-72 (EUR-6), the EEC's share of world imports averaged 21.5 %; in 1973-78 (EUR-9), that share was around 27 %. This latter figure can be compared with Japan's share of world agricultural imports, which was 12.5 % during the period 1973-78, and with that of the United States, which averaged 11.3 % during the same period (Table 1).

b) The EEC is the main market for the DCs' agricultural exports. In the period 1963-72 (EUR-6), the EEC absorbed on average 25 % of the agricultural exports from those countries; in the 1972-78 (EUR-9) period, the figure was almost 30 %. The DCs' exports of agricultural products to the EEC amounted in 1979 to \$ 26 900 million (Table 3).

c) In comparison with the EEC, the other developed countries imports of agricultural products from the DCs are appreciably lower : while in 1979 the EEC purchased almost \$ 27 000 million of agricultural products from the Third World, American imports were less than one-half that figure (\$ 11 600 million) and those of Japan approximately one-fifth (\$ 5 600 million). For the EEC, these imports represent 0.9 % of its GDP; the corresponding figure for the USA is only 0.5 % and for Japan 0.56 %. Per head of population, agricultural imports from the DCs amount to \$ 104 for the EEC, \$ 53 for the USA and \$ 49 for Japan.

d) Between 1963 and 1972 the proportion of total agricultural imports into the Six accounted for by the DCs fell quite appreciably, from 43 % to 37.5 %, the beneficiaries being the developed countries and the socialist countries. In contrast, in the period 1973-78, there was an increase in the above proportion from 37.7 % to 43 %. It is worth noting , moreover, that this market share was little affected by the enlargement of the EEC in 1972, which indicates that the DCs' share of agricultural imports into EUR-6 on the one hand and into the new Member States on the other were at similar levels (Table 5).

In order to be able to assess the causes of this development, it is necessary to examine its various components. The trend of the DCs' share of Community agricultural imports can in fact be broken down into three factors : the trend of the DCs' share of world exports, the trend in the EEC's share of world agricultural imports and the trend of the proportion of DC agricultural exports which the EEC absorbs.

- The share of world agricultural exports accounted for by the DCs fell from almost 37 % in 1963 to 33.6 % in 1972 before rising again to 37 % in 1978 (Table 2). The fluctuations in the growth of DC exports were reflected on all the export markets considered. The increase at the end of the period (the maximum figure being achieved in 1977) is due essentially to the increase recorded then in the prices of certain tropical products such as coffee and cocoa.

- The importance of the Community as an import market remained more or less constant (22 % of world imports) in the period 1963-72; that importance declined slightly (from 19 % to 26 %) in the following period (table 1).

- The importance of the Community market in total DC exports worldwide is, as has already been stated, showing a slight decline, having fallen from 26 % in 1963 to 24 % in 1972 and from 32 % in 1973 to 30 % in 1978 (Table 3).

e) An examination of these various components suggests that the most important factor in the fluctuations of the DCs' share of the Community market is the general trend of their agricultural exports in relation to world exports.
During the most recent period there has also been a slight decline in the importance of the EEC as an export market for the DCs. This decline has, however, been less marked than that recorded by the other market-economy developed countries. It is due principally to the expansion of inter-DC trade, which accounted for 17 % of the DCs' agricultural exports in 1963 and 21.5 % in 1978, and to the increase in the socialist countries' imports from the DCs (which, starting from a low level, increased to 10 % of the DCs' agricultural exports in 1963 and to 13.4 % in 1978).

f) A geographical breakdown of the DCs' share of world agricultural exports shows that, with the exception of Africa, all the DC groups have succeeded in improving their export performance. Although between 1963 and 1978 Africa's share of the world market in agricultural products fell from 9 % to 6 %, the share held by Latin America increased from 15 % to 16 % and that of the Middle East from 1 % to 12 %, while the share held by South and South-East Asia remained constant.

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An analysis then has to be made, for each region, of the development of its total agricultural exports and of its position on the European market. Such an analysis makes it possible to pinpoint the influence exercised firstly by the geographical structure of the EEC's agricultural trade and secondly by the trend of EEC demand on the development of DC-EEC agricultural trade. Indeed, if the DC regions that are well represented on the European market have experienced an expansion or decrease in their total exports, it can be said that the trend of DC supply is the preponderant factor in the increase or decrease in the market share of the DCs as a whole in EEC agricultural imports. If, on the other hand, the trend in the importance of the EEC as a market for the various regions is preponderant, this means that it is the trend of EEC demand that is the main factor behind the development of the DC share of the EEC's agricultural imports.

g) Overall - and for the whole of the period 1963-78 - the "supply" aspect proves to be preponderant : in total DC exports, the share held by those regions from which the EEC imported the most has fallen. This is particularly true of Africa, whose total agricultural exports as well as its exports to the EEC are slowing down. The other developing regions have divided up the share lost by Africa (Table 11).

h) It can thus be seen that the DC group which at the beginning of the period under consideration had the largest share of the European import market and which enjoys the most favourable entry conditions has seen its position on the Community market eaten away (from 40 % in 1963 to 34 % in 1972 and from 32 % in 1973 to 31 % in 1978) compared with the exports from other DCs.

During the first period, this decline was beneficial to Middle East exporters (who increased their share of DC exports to the EEC from 3.2 % in 1963 to 6.4 % in 1972) and to Latin America (which increased its share of DC exports to the EEC from 40 % in 1963 to 44 % in 1972); during the second period, the benefit went to exports from the Far East (which increased from 19.6 % of DC exports to the EEC in 1973 to 22 % in 1978) (1).

The trend in the importance of the EEC as an export market for the various DC regions (the "demand" effect) played a different role in the two periods: in the first period, the decline in the relative importance of the EEC as an outlet for the main exporters was in addition to the decline in the market share of the DC regions which was also evident on the world market. In the second period, in contrast, the strengthening of EEC demand compensated in part for the loss in market share suffered by the DCs because of the relatively small increase in the quantities of exportable products they were offering on the world market.

Conclusion

This initial analysis enables a number of provisional conclusions to be formulated :

- given that the share of DC exports in total Community agricultural imports is following the same trend as the DC share of all other developed country import markets, it seems at the very least doubtful to point to the EEC's specific commercial policy as the main reason for the decline in the DCs' export performance. Firstly, the commercial policy has tended in fact to move towards a liberalization of import arrangements. Secondly, the DCs' share of the Community market is not in constant decline but is fluctuating, sometimes upwards sometimes downwards. Lastly, the Community's policy cannot explain the fact that the DCs' performance on other developed country markets has followed a similar trend.

(1) The growth here resulted in particular from the increase in Community imports of manioc from Thailand.

- The geographical breakdown confirms that the EEC's commercial policy is not the main factor behind the trend in the DCs' share of the Community market. It is in fact the trading partner enjoying, in general, the most favourable entry conditions that has lost the most ground.

1.1.2. Community exports and the developing countries in the context of the world market

a) The EEC's total agricultural exports amounted to $ 27 000 million in 1980. The EEC is the world's second largest exporter of agricultural products after the United States. It already occupied that position in 1963 (EUR-6) when its market share was almost 6.5 % of world exports of agricultural products. That market share increased slightly to almost 8 % in 1972 (EUR-6) and then increased to 10 % in 1973 after the first enlargement. During the period 1973-80, the Community share fluctuated around that figure before reaching 11.1 % in 1980 (Table 2). In the same period the relative shares of the other major exporters generally declined : from 1973 to 1980 the United States went from almost 20 % to just over 18.5 % of world exports, while Canada moved from 5.5 % to 4.6 %; the greatest drop was recorded by Australia from 5.2 % in 1973 to 4.0 % in 1979.

b) In 1980 EEC exports of agricultural products to the DCs amounted to $ 12 800 million. In the second half of the seventies, the EEC supplied an average of 16 % of the DCs' total agricultural imports, occupying second place among the suppliers to the DCs (Table 4) after the United States (23 % of the DCs' agricultural imports).

In contrast to the other major exporters of agricultural products, the EEC does not as yet have any medium- and long-term commercial policy instruments to facilitate the sale of its available agricultural products to the DCs.

The refunds system is, however, applicable to the DCs, as it is to all countries. Its development and effect on exports to the DCs will be analysed with respect to certain products in Part Two of this study.

c) The DCs' market has been a dynamic outlet for the EEC's exporters, particularly during the seventies. In the period 1963-72, the DCs' share of total extra-Community exports fluctuated around 27 %, and in the period 1973-78 increased from 31.5 % to 42.3 % (Table 6).

In order to have a better idea of the factors which determined this trend, it is necessary to break it down into a number of components. The trend in the DCs' share of EEC agricultural exports can in fact be broken down into three components : the trend in the DCs' share of world agricultural imports, the trend in the importance of the EEC as an exporter of agricultural products to the DCs and worldwide :

- following virtual stagnation in the DCs' relative share of world imports of agricultural products around the 18 % mark in the period 1963-72, that relative share increased rapidly between 1973 and 1978 from 20.3 % to 25.2 % (Table 1).

- The EEC's share of the DCs' agricultural imports increased from 10 % in 1963 to 12 % in 1972; in the period 1973-78 it increased from 15 % to 18 % (Table 4).

  That increase took place in the period 1963-72 (EUR-6) to the detriment of the other DCs and during the period 1973-78 (EUR-9) to the detriment of the other developed countries and to a lesser extent other DCs.

- The EEC's share of world exports of agricultural products increased from 6.4 % in 1963 to 8 % in 1972 (EUR-6) and from 9.4 % to 11.1 % from 1973 to 1980 (EUR-9). This means that the establishment of the CAP machinery coincided with a slight increase in the EEC's relative share of the world market in agricultural products, which nevertheless remained at a relatively low level (Tables 2 and 31).

It can be concluded from the above three findings that the increase in the proportion of total Community agricultural exports accounted for by agricultural exports to the DCs is due first and foremost to the fact that the EEC became a larger supplier to the DCs and, furthermore, because the DCs increased their call on the world market.

During the first period, the importance of the EEC as a supplier to the DCs increased at the same rate as the increase in its relative share of the world market. During the second period the growth in the EEC's share of the DC's imports was more rapid than the increase in the EEC's share of world trade.

It should also be noted that the increase in the DCs' relative share of total world agricultural imports - up from 18 % in 1963 to 24 % in 1977 - took place fairly suddenly between 1973 and 1974. There are two reasons for this:

- the 1974 food crisis, which has had lasting effects on the structure of world trade;

- the increase in imports of agricultural products by the oil-exporting countries.

d) A geographical breakdown enables a better assessment to be made of the factors that have influenced the increase in the EEC's share of the DCs' import market. If the EEC's share of agricultural exports to the DCs as a whole is increasing because of rising demand from certain DC regions, it is clear that the "demand" factor has been the main explanation. In the opposite case, it is the EEC's export effort, i.e. the "supply" factor that will be preponderant. In the period 1963-77, all the DC groups saw an increase in their share of world imports. The greatest increase was recorded by Africa (from 3.5 % of world imports in 1963 to 5.4 % in 1978) (Table 8).

In the first period, EEC exports to the various regions increased more or less at the same rate on all markets. Since the geographical distribution of agricultural trade (demand aspect) did not therefore influence the trend of total agricultural exports, it was the strengthening in the EEC's position as an exporter of agricultural products on all markets (supply aspect) that explains the increase in its share of the DCs' agricultural imports (Tables 10 and 12).

In the second period, in contrast, the expansion of exports to the Middle East was greater than that of exports to other destinations. The "DC demand" factor is stronger than the "supply" factor as an explanation for the expansion in the EEC's market share (Tables 10 and 12).

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e) These various analyses lead us to the conclusion that the EEC is becoming an increasingly important supplier of agricultural products to the DCs.

This increasing importance can be explained by two factors relating in the first case to the supply side and in the second case to demand for agricultural products :

- the EEC has made special efforts to channel agricultural products to the DCs, notably via the supply of food aid;

- the EEC's position as a traditional supplier to countries experiencing worsening food deficits over the years (Africa) or countries with rapidly expanding markets (Middle East) has resulted in a more rapid increase in the Community's agricultural sales than in those of other exporters.

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1.2. Analysis of trade in the various types of agricultural products

In itself, the total amount of the EEC's imports from the DCs does not give any indication as to the real effects of the arrangements for the importation of agricultural products into the Community. If one wishes to arrive at a more precise evaluation of the consequences of those arrangements on the real export possibilities of the DCs, it is necessary to distinguish between the products involved according to whether or not they are affected by provisions resulting from the CAP. All the products for which there is a common market organization accompanied by implementing measures have been included in the category "CAP products".

The number of products covered by the classifications and analyses is limited by the data available in the FAO trade yearbooks, which constitute the most detailed source of statistical information at international level [1)] (Table 13).

1.2.1. The developing countries'exports

a) Tables 14 and 15 in the Annex, which have been drawn up on the basis outlined above, show that of the total volume of the DCs' agricultural exports worldwide one-third involves products covered by the CAP; in total DC exports to the EEC, the products covered by the CAP represent only 22 %. This initial finding makes it possible to establish the scale of the problem posed and the impact of the protection resulting from the application of the CAP rules : the DCs export relatively less CAP products to the EEC than to the world as a whole.

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(1) These data cover almost 90 % of the DCs' agricultural exports worldwide (excluding fischery and forestry products) and 80 % of DC exports to the EEC.

b) Nevetheless, this first analysis cannot present the problems with a sufficient degree of precision. For some of the CAP products exported by certain DCs (e.g. cereals from Argentina), the DCs as a whole are net importers. For these products, total DC supply is insufficient to satisfy total demand.

For most products, a clear distinction can be drawn between the products which the DCs export and those which they import. To start with there are few borderline cases (those which move from deficit to surplus from one year to the next) and in addition the cover rate of the trade balance for most of the products exported is greater than the cover rate of the DCs' total agricultural trade balance (which currently stands at 1.25). This means that for these products the DCs have a "revealed comparative advantage" (1) in the context of agricultural trade. This is not therefore an absolute advantage which would induce the DCs to monopolize the cultivation of these products and restrict themselves to them. It is however a comparative advantage which merely indicates that relative to other crops the DCs are better (or less badly) placed for the products for which they have this revealed comparative advantage. If we therefore take the products for which the DCs have a revealed comparative advantage, i.e. of which they are net exporters, it is seen that these products account for 21 % of their total agricultural exports and 17 % of their exports to the Community.

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(1) This concept is based on that established by B. Balassa (Trade liberalisation and revealed comparative advantage, Manchester School of Economic and Social Studies, May 1965). For the purposes of this study, the Dcs have a revealed comparative advantage for those products for which they are net exporters.

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Comparing these two percentage figures, it can be seen that the difference between these countries' situation vis-à-vis the EEC and their situation vis-à-vis the rest of the world is not such as to justify sweeping accusations with regard to the CAP's level of protection as it affects the DCs.

c) In order to assess the effect of the arrangements applied to the DCs as a whole, it is worthwhile comparing the structure of the EEC's imports from the DCs with the structure of the EEC's total agricultural imports. Of the EEC's total agricultural imports almost 40 % consist of products covered by the CAP. The difference between this figure and the corresponding figure for the DCs (22%) is due to the fact that the other suppliers (mainly from the temperate zones) tend to produce products for which the DCs have no revealed comparative advantage and which are in direct competition with the EEC's agricultural production. It is true, however, that even for the products for which the DCs have this comparative advantage the corresponding figures are 18 % for all exports to the EEC and 17 % for exports from the DCs (Table 16).

d) A more detailed analysis reveals that the agricultural products subject to the rules of the CAP which the DCs export to the EEC are products such as sugar, beef and olive oil (products covered by the special preferences granted by the EEC to its overseas partners), tobacco (a product covered by the GSP) and fruit and vegetables (products covered by tariff reduction arrangements often accompanied by seasonal restrictions.

It should also be noted that for these products the DCs' share of the Community market has grown continuously, both in the period 1963-1972 and in the EUR-9 period.

In 1979, 91 % of the EEC's sugar imports came from the DCs compared with 84 % in 1973 (1).

Likewise, the DCs' share of Community beef imports increased from 36 % in 1963 to 56 % in 1972 (EUR-6) and then from 59 % in 1973 to 60 % in 1979.

As regards olive oil, the European and North/African countries around the Mediterraean share the EEC market. Leaving aside the marked annual fluctuations, the DCs' share of imports is approximately 45 % compared with 55 % for the European countries (mainly Spain).

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(1) In the period 1963-1972, the DCs' share of EEC sugar imports increased, in round figures, from 60 % to 80 %.

For both tobacco and fruit and vegetables, the DCs are the EEC's largest suppliers. In 1979 they accounted for 65 % of extra-EEC imports (50 % by value) of fruit and vegetables and 56 % (50 % by value) of extra-EEC tobacco imports (Table 20).

An analysis of the import arrangements under which these products enter the EEC shows that EEC imports of CAP products from the DCs are the result of special measures adopted in favour of the DCs rather than of the application (erga omnes) of the CAP rules. This reflects the EEC's policy of stimulating the DCs' agricultural exports while operating on a selective basis so as not to endanger the achievements of the CAP.

1.2.2. The EEC's exports

a) As might be expected, 90 % of the EEC's agricultural exports to the DCs consists of CAP products. For the vast majority of these products, 80 % of total agricultural exports), the DCs have no revealed comparative advantage (Table 18). There therefore exists a wide measure of complementarity between the EEC's exports and the DCs' imports. Basically, two groups of products are involved : milk and mileproducts (milk, butter, cheese) and cereals (Table 21).

For cereals, the EEC occupies a relatively minor position on the world market, which is dominated by the North American exporters. The EEC's share of world exports fluctuates around the 5 % mark.

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On the milk and milk products market, in contrast, the EEC occupies a dominant position, which has, moreover, become even stronger over the years : its market share for milk powder, for example, went from 66 % in 1963 to 28 % in 1972 (EUR-6) and from 43 % in 1973 to 72 % in 1979 (EUR-9).

b) There is, however, an area of competition involving approximately 22 % of Community exports to the DCs. That competition is in respect of agricultural products for which the DCs have a revealed comparative advantage and which the EEC exports under the CAP machinery. This means therefore that for a little over one-fifth of its exports, the Community is actually in competition with the products of the DCs on their own markets.

The same type of competition operates on the markets of the other developed countries. It is interesting to note that on those markets only three-quarters of the EEC's exports are of CAP products (compared with nine-tenths for exports to the DCs). If the analysis is restricted to the products subject to the CAP for which the DCs have a revealed comparative advantage, the pourcentage is much lower : those products account for 13 % of the exports to other developed countries' markets and 22 % of the exports to DC markets (Table 19). A more detailed analysis reveals that certain types of meat and sugar are the products mainly involved here.

c) The proportion of the world sugar market held by EEC exports is increasing all the time. From 4 % in 1963 the figure increased to 7 % in 1972. Between 1973 to 1979 that share doubled from 8 % to 16 % (EUR-9). Almost 80 % of the EEC's sugar exports go to the DCs.(1)

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(1) It should be noted that the EEC imports raw sugar from the DCs and exports refined sugar back to them.

The EEC share of world beef and veal exports is relatively low but has been expanding rapidly, increasing from 3 % in 1973 to over 7 % in 1979. Since 1979-80, the EEC has recorded a surplus on its beef and veal trade. For preserved meat, however, the EEC share of the world market fell from 38 % in 1973 to 27 % in 1979, having stagnated around the 19 % mark in the period 1963-72.

1.2.3. Tariff arrangements

Some interesting information can be gleaned from an analysis of the tariff arrangements applied to agricultural imports from the DCs. Almost 60 % of the agricultural imports from the DCs enter duty-free (CCT or preferential arrangements), one-third enter subject to duty and only 7 % are subject to levies. As might be expected the arrangements are more advantageous for the ACP countries, with which the EEC maintains special arrangements, than for the other DCs : almost 98 % of agricultural imports from the ACP enter duty-free, the imports subject to duty are negligible and 2 % are subject to levies. In contrast, a higher percentage of the imports from the MMI countries are subject to duty (Table 22).

The main products subject to levy which enter the Community from the DCs are cereals, sugar, beef and veal and rice.

The agricultural products from the DCs (other than ACP and MMI) subject to a duty benefit from the tariff reductions offered under the GSP or in the context of the Tokyo Round (tropical products offer and agricultural offer) representing a total value of almost 4 000 million ECU.

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2. The developing countries' production of andtrade in agricultural products

2.1. Trend of the developing countries' agricurural trade in volume terms[1]

The above trade analysis was carried out at current prices. In order to be able to examine the trend of supply and demand with regard to agricultural products in the DCs, it is necessary to convert the trade data from value into volume terms (i.e. to express the data in constant prices). The reference date chosen is 1975.

a) Over the period 1960-77, the DCs' total exports increased by almost 10 % per annum on average. During the same period, the export price index for the DCs' agricultural products increased at the fairly rapid rate of 8.2 % per annum on average. In volume terms, the rate of increase in the DCs' exports of agricultural products was therefore 1.7 %, whereas the rate of expansion in the volume of world trade in agricultural products was twice as rapid (3.8 % per annum).

During the period 1973-77, the rate of increase in the DCs' imports was over 11.3 %. During the same period, the unit value of their imports increased at an average rate of 6 % per annum. A large part of the increase in the DCs' imports during the period can therefore be attributed to an increase in the volume of imports (5.3 %). In the same period, the rate of increase in the volume of world agricultural imports averaged 3.8 % per annum.

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(1) The figures given in the text have been calculated on the basis of the FAO statistics (particularly the trade yearbooks).

b) The trend in the unit values of the DCs' exports and imports makes it possible to calculate the trend in their terms of agricultural trade. Over the whole period (1960-77) there was an improvement in the DCs' terms of agricultural trade averaging 1.7 % per annum. Two sub-periods should be distinguished however :

- in the period 1960-74 - leaving aside annual fluctuations - the terms of agricultural trade remained more or less constant with a slight deterioration for the DCs;

- during the second period (1974-77), the DCs' terms of trade improved quite appreciably due to a large extent to an increase in the export prices for a number of products of great importance for the DCs, such as coffee and cocoa.

c) The results of the analysis of agricultural trade in volume terms confirm the findings of the analysis of trade in value terms and make it possible to pinpoint the components of the trend. Although the DCs' performance in trade in agricultural products has been deteriorating since the early sixties, this is not because the terms of agricultural trade were moving against them. The deep-seated cause of the reduction in their share of world agricultural exports (noted in paragraph 1.1.), and the reason for their increasing share of world imports, is the weak growth rate in the volume of their exports and the high rate of increase in the volume of their imports.

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2.2. Trend of supply and demand with regard to agricultural products in the developing countries (1)

a) For most DCs, exports and imports of agricultural products account for only a limited proportion of domestic production and consumption. Furthermore, since external trade is frequently a way of disposing of surpluses and offsetting the deficits existing on the national market, it is impossible to analyse the trend of the DCs'agricultural trade without linking this to the trend of internal supply and demand with regard to agricultural products in the DCs.

b) On average, the rate of expansion in agricultural production in the DCs was at a higher level than that of the developed countries. Nevertheless, the average annual rate of increase of 2.6 % for the period 1961-76 is barely higher than the rate of population increase (2.5 %). It is clearly pointless to attempt at this level of detail to give a satisfactory explanation for this insufficient rate of increase.

c) On the demand side, it can be seen that the rate of expansion in consumptión averaged 3 % per annum, thereby exceeding the rate of increase in production. This increase can be explained by the population increase and also by the improvement in the standard of living of certain categories of the population.

Moreover, despite the low level of development of many DCs and the persisting situation of malnutrition, the income elasticity of demand for agricultural products on a per capita basis is on average fairly low (0.2 %). This can only be explained by the existence of marked inter- en intra-DC income

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(1) The figures in this section have been calculated from statistics compiled by the FAO (trade and production yearbooks) and the IBRD (World Tables).

inequalities. In reality, if there were a better income distribution, it is probable that demand would increase more rapidly since such a redistribution would stimulate the demand from the poorest sections of the population whose income elasticity is without any doubt greater than the average figure given above.

d) The effect of the DCs' internal supply and demand trends on their trade in agricultural products is twofold :

- the DCs' supplies available for export expanded at a slower rate than agricultural production;

- imports had to increase at a faster rate to offset an increased deficit. This explains the low rate of increase in the volume of the DCs' exports (1.7 %) and the reduction in their share of world exports, as well as the rapid growth in imports (5.3 %) and the increase in their share of world imports.

e) A geographical breakdown of global growth rates in production and consumption confirms these findings.
In all regions, with the exception of the Far East, consumption increased at a more rapid rate than production. This difference is greatest for Africa and the Middle East, where consumption increased at a rate respectively 1.5 and 1.3 times faster than production. This explains the rapid growth in their imports and the decline (or slow growth) in their exports (Table 17).

The fairly considerable concentration of EEC exports in these regions (65 % of the EEC's agricultural exports in 1963), where imports are increasing faster than in the DCs on average, explains in part the strengthening of the EEC's position as an exporter of agricultural products to the DCs.

2.3. Supply and demand with regard to the main products

Demand and supply have not followed similar trends in the case of all these products.

a) The drop in the self-supply rate has been greatest for cereals. For all the DCs this rate fell from 96 % at the beginning of the sixties to 91 % towards the end of the seventies and this has given rise to a worsening of the net deficit (1), which increased from 10 million t in 1963 to 64 million t in 1980. In absolute terms, the increase in imports has been greatest for wheat (the deficit of which increased from 14 million t in 1963 to 50 million t in 1980) but in terms of the rate of increase the deterioration has been greatest for coarze grains : the DCs' surplus of coarze grains (still at 4 million t in 1963), which survived until the mid-seventies, has recently been transformed into a net deficit, amounting in 1980 to 18 million t (i.e. a self-supply rate of 93 %). This trend can be explained in part by a slowing-down in the increase in production and in part by the increasing use in the richest DCs of coarze grains as animal feed.

For rice, relatively little of which is marketed internationally, the DCs' fairly modest net deficit (0.5 million t in 1963) has become progressively worse and currently amounts to 2.5 million t (2), but the self-supply rate has remained constant (almost 100 %).

b) As regards meat, despite a very marked increase in their production (averaging 6 % per annum in the decade from 1970), the DCs, which were net exporters overall in the early seventies (self-supply rate of 10 % in 1973) became net importers towards the end of the decade (self-supply rate of 99 % in 1980).

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(1) Gross figure of almost 100 million t in 1980

(2) Gross figure of almost 10 million t in 1980.

The result has been a marked expansion in imports of the various types of meat : sheepmeat (average increase of 15 % per annum in the seventies), beef (19 %) and poultrymeat (22 %).

Following an increase in the early seventies,the DCs' exports of beef began to fall in the second half of the seventies; the DCs' trade balance for beef is therefore in danger of running into deficit in the next few years. Their exports of poultrymeat have expanded very rapidly (40 % per annum on average between 1973 and 1980) but not enough to avoid a worsening in the trade balance for poultrymeat in absolute terms.

c) For sugar, both the DCs' production and consumption has shown a modest increase. Net exports have remained more or less unchanged at around 20 % of production.

d) In the DCs as a whole, the production of oils and fats and of oilcake and oilseed meal has increased at a fairly rapid rate (5 % and 7 % respectively per annum on average during the seventies). Nevertheless, the consumption of these products has incrased even more rapidly (6.5 % and 8 % respectively) with the result that the trade balance for oils and fats, which showed a surplus in the early seventies, now shows a slight deficit. The DCs' trade balance for oilcake and oilseed meal is still in surplus.

During the seventies, the DCs' exports of oilseeds were stagnant, resulting in a drop in the DCs' share of world exports. This is due, first and foremost, to the development of local processing of the seeds in the DCs and secondly to the rapid expansion of American exports soya) [(1)].

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(1) It should be noted that Brazil has also considerably increased its soya exports.

e) The milk and milkproducts sector is little developed in the DCs and milk production is increasing at a relatively slow rate (averaging 2.4 % per annum during the seventies).

The world market (imports and exports) remains dominated by the developed countries despite a markedincrease in the DCs' imports of processed milk products : concentrated milk (average increase of 7.5 % per annum during the seventies), milk powder (8 %), butter (16 %), and cheese (19 %).

f) Production of tropical products (coffee, cocoa, tea) stagnated during the seventies : between 4.5 and 5 million t for coffee, around 1.5 million t for cocoa and around 1.5 million t for tea. As a result, exports of these products also stagnated.

g) During the seventies the production of textile fibres and rubber in the DCs showed little change : the DCs' production of cotton fluctuated between 7.5 and 8 million t, that of jute-kenaf increased slightly (average of 3 % per annum during the seventies), the production of hard fibres fluctuated around 1 million t, and that of natural rubber between 3.4 and 3.8 million t. Stagnant production, expanding local demand and competition from synthetic fibres resulted in stagnant or even declining exports.

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2.4. Prospects : the developing countries' trade in agricultural products in 1990 and 2000

On the basis of the chronological series used for the analysis of the developing countries' trade it is possible to carry out a forecasting exercise. The calculations made were to answer the question of what would happen if the trends recorded in the past were maintained.
It is clear that such an exercise cannot pretend to predict the future, but it can be useful in making it possible to form a better idea of the problems and their scale. The projection of chronological series gives a sort of magnified image of the situation as it stands at present and as a result helps to identify bottlenecks, areas where action is needed, etc.

2.4.1. Overall trend

Paradoxical as it may seem, it is easier, relatively speaking, to make an overall long-term projection than a projection for a limited field in the short term. The overall and long-term trends appear more clearly and are less affected by random or short-term fluctuations than, for example, the trend of a particular agricultural sector, country, or export market.

Overall, if the trends recorded in the past continue to manifest themselves :

(a) the volume of the developing countries' agricultural imports (index 1970 = 100) would be 421 in 1990 and 865 in 2000;

the price index of the developing countries' agricultural imports (index 1970 = 100) would be 780 in 1990 and 2 118 in 2000;

as a result, the index of the value of the developing countries' agricultural imports (index 1970 = 100) would be 3 284 in 1990 and 18 320 in 2000.

b) - the volume of the DCs' agricultural exports (index 1970 = 100) would be 142 in 1990 and 169 in 2000;

- the index of the DCs' agricultural export prices (index 1970 = 100) would be 1 033 in 1990 and 3 321 in 2000;

- it follows that the value of the DCs'agricultural exports (index 1970= 100) would be 1 467 in 1990 and 5 612 in 2000.

c) The DCs'agricultural trade balance, the cover rate of which was 1.9 in 1970 and 1.3 in 1979, will move into deficit in the second half of the eighties to reach a cover rate of 0.85 in 1990 and 0.56 in 2000.

These figures are in general agreement with the results of the trend scenario of the FAO study entitled "Agriculture : Horizon 2000" (1) which arrives at a cover rate of 0.75 in 1990 and 0.57 in 2000.

2.4.2. Prospects for a number of products

It is fairly difficult to make any estimates of the future trend of supply and demand for the main products.

Everything depends in fact on the investment, production and consumption hypotheses on which the estimates are based. In order to avoid the confusion that would be created by the large number of possible solutions under the various hypotheses, this study restricts itself to a simple extrapolation of the trends recorded in the past.

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(1) FAO : Agriculture : Horizon 2000 - C 79/24 - July 1979, Rome. This study also contains a second scenario based on a number of hypotheses as to the volume of investment in the Third World's agricultural production, government policies, the trend of demand, etc.... This second scenario gives more optimistic results, envisaging a recovery in the DCs' agricultural trade balance with a cover rate of 1.7 in 1990 and 1.6 in 2000.

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Without presenting a precise image of the situation in ten or twenty years time, such an exercise does make it possible to identify more clearly the bottlenecks that will emerge in the future :

- the DCs' cereals deficit is becoming worse as is the deficit for milk products and certain types of meat. In the case of cereals,it is above all the deficit in coarze grains that is becoming more serious;

- the surplus of oilseeds and vegetable oil and of cotton and rubber is increasing;

- the surpluses of other fibres (jute-kenaf or hard fibres) and of tropical products (coffee, cocoa, tea) are not changing.

It should be noted that these trends are similar to those forecast by the FAO in its study Agriculture : Horizon 2000.

PART TWO

THE COMMUNITY'S AGRICULTURAL TRADE POLICY TOWARDS DEVELOPING COUNTRIES

1. BASIC PRINCIPLES OF THE EEC's AGRICULTURAL POLICY

1.1. AIMS

Without a common agricultural policy it would not have been possible to set up a common market in agricultural products, and in order to function properly, this policy had to include common arrangements on the Community's agricultural trade with other countries.

Since it was set up the Community has taken full account of the impact of its trade rlations with other countries and has further applied this principle by inserting in the legislation governing each common organization of the market a special provision that the aims of Article 39 and 110 of the Treaty of Rome must both be respected.

Article 39 of the Treaty of Rome states that the objectives of the common agricultural policy shall include ensuring that supplies reach consumers at reasonable prices and stabilizing markets. It also posits the need to ensure a fair standard of living for the agricultural community and to assure the availability of supplies.

When the Treaty of Rome was drafted, it was understood from the outset that agriculture was an integral part of the general economy and that the general provisions on the Community's commercial policy (Article 110) had therefore to apply to agriculture. Since it was instituted the common agricultural policy has therefore had to contribute to the harmonious development of world trade and the progressive abolition of restrictions on international trade. Obviously conflicts may sometimes arise between the obligation to ensure a better standard of living for the agricultural community, which necessitates an adequate level of protection, and the obligation to set up a commercial system as indicated in Article 110.

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While there cannot therefore be any objection to the Community according its own farmers a reasonable degree of preference, this can hardly go to the extent of providing absolute protection for European agriculture. External trade is one of the motive forces of economic growth and the Community has to accept a degree of partnership: while not endagering its own producers, it should remain a reasonably open economic entity.

The external trade arrangements established by the different agricultural regulations have been drawn up to allow the international obligations contracted by the Member States in pre-Community days by the Community to be complied with.

Since these obligations were contracted the trade arrangements for both imports and exports have constantly developed through the common organizations of the market and have been adjusted on numerous occasions in bilateral or multilateral negotiations or by the independent adoption of trade policy measures. The rules of GATT have always been respected however.

To appreciate the impact of the common agricultural policy on external trade we should consider the trade arrangements governing agricultural products and see how they fit into the Community's commercial policy as a whole.

1.2. ORGANIZATIONS OF THE MARKET

Designed to form a coherent framework now embracing more than 90% of the Community's agricultural production, the organizations of the market have been used to ablosih gradually national protective measures and introduce Community-wide arrangements based essentially on non-discrimination.

These instruments of the agricultural trade policy have been slotted into place as the common agricultural policy has developed. The vary in accordance with the nature of the product and the characteristics of the different markets.

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They can be classified schematically as follows:

(a) For the greater part of the Community's agricultural production a frontier levy system[1] applies based on an intervention price, a target price and a threshold price[2]. By fixing the threshold price at a level near the target price, account being taken of transport costs within the Community, the Community seeks to attain internal market stability and to preserve its agriculture from the erratic fluctuations of the international market.

Under this system the price of a product entering the Community must, so as not to put the European farmer in difficulty, be brought up to the level of the threshold price by means of a levy equal to the difference between the threshold price and the third country offer price. The levy is thus variable and not a customs duty in the strict sense.

The levy system is an attempt to combine as far as is possible and the market situation permits, the aims of Articles 39 and 110 of the Treaty. The system is not only flexible but also reversible in that the prices of Community products for export can be reduced by means of refunds to world price levels and the EEC thus enbaled to participate in international trade in agricultural products. These mechanisms conform to GATT rules and are a neutral instrument from the point of view of international competition.

Where it is necessary to limit the risks and uncertainties to which exporters are exposed in the present international situation, the EEC fixes refunds in advance. In certain cases refunds can also be differentiated by destination.

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[1] The products covered by the system in its pure form are cereals, rice, olive oil, sugar, and milk and milk products.

[2] The intervention price is the price at which intervention agencies are obliged to purchase products offered to them. The target price is the price that the common organisation of the market is intended to ensure the producer. The threshold price is calculated so that when transport costs are included the price of the imported product will be the same as the target price.

(b) The joint use of the levy system and customs duties is an original combination of trade policy instruments. Two variants have been occurred:

- in the case of poultry products and pigmeat[1] a discussion has to be made between the cereal element and the industrial element. The existence of the cereal component in the product means that a cereal levy must be applied, this being the variable element in the external protection; the industrial component is covered by a traditional customs duty, representing the fixed element of the protection. The levy and the duty are always imposed together.

- on other hand, in the case of imports of live cattle, fresh and chilled bovine meat and frozen bovine meat for direct consumption, the normal arrangement is an ad valorem customs duty plus an additional variable levy.

(c) For some products (wine, certain fruits and vegetables) support of producers' incomes by price mechanisms is more flexible. Because of the special nature of the market in these products external protection is not ensured by a frontier levy but by customs duties and a reference price system. If the third country offer price (wines) or entry price (fruit and vegetables) is lower than the reference price a countervailing duty is imposed.

(d) Lastly, for all other products the common customs tariff alone is applied. Duties vary according to product and in certain cases according to the time of year.

Most Member States did have quantitative import restrictions but these do not form part of the normal range of protective instruments applied at the Community frontier. In all the agricultural regulations, however, provision is made for measures to protect Community markets against abnormally low prices or market disturbances.

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[1] A similar system applies for certain processed products.

However, on each occasion that the Community has had recourse to this exceptional procedure its international obligations have still been complied with.

The Community has also provided itself with mechanisms for dealing with shortages on the European market. This in a number of exceptional cases the import levy has been reduced or removed and an export levy imposed.

2. THE BILATERAL AND MULTILATERAL FRAMEWORK

Immediately after the creation of the Community there was a very marked accentuation in the liberalization of international trade as fas as the Community was concerned. It is also generally admitted that the rapid economic expansion of the EEC countries in the Sixties is at least partly attributable to the process of European integration and that this economic development had a very favourable influence on the level of trade between the Community and the rest of the world. Though one of the first acts of the Community was the introduction of the common customs tariff the tariffs set were considerably lower than the simple arithmetical mean of the national tariffs and the EEC very quickly begin taking the interests of other countries into account.

Far from becoming inward-looking the Community actively developed its international relations by negotiating numerous preferential and non-preferential agreements, participating actively in the various multilateral trade negotiations and adopting unilateral trade measures. The agricultural sector features largely in these Community commitments.

2.1. THE MULTILATERAL FRAMEWORK

The purpose of the General Agreement on Tariffs and Trade (GATT) is to expand trade by eliminating tariff and non-tariff barriers and for the signatories at least it is, so to speak, the bible of international trade.

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All the Member States participated in GATT before the Community was set up and had made numerous commitments that the Community was obliged to take over. This is why, when the levy system was introduced, a number of bound duties on certain products had to be withdrawn and replaced by equivalent bound duties in the Common Customs Tariff (CCT).

This explains, for example, why the Community is today obliged to import free of duty a number of fodder products such as oilcake that because of these concessions cause difficulties for the Common Agricultural Policy.

In the second half of the 1960's the Community took an active part in the Kennedy Round negotiations. Its formal proposals on this occasion were an attempt to escape from the normal limits of tariff reductions and introduce genuine discipline on world agricultural markets and co-ordination of national agricultural policies.

As we know, these ambitious proposals to "bind support amounts" combined with a series of product agreements were rejected by the Community's main partners.

Despite this failure it was possible to conclude a world cereals agreement and in particular an agreement on cereals as food aid, under which the Community's share was set at 1 035 000 tonnes per year. This quantity has been increased several times and since 1981 has been 1 650 000 tonnes per year. The Kennedy Round also resulted in a series of tariff concessions.

The other large-scale multilateral negotiation initiated on the joint initiative of the Community and the United States was the Tokyo Round launched after a Ministerial Declaration adopted at Tokyo on 14 September 1973.

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After years of discussion and negotiation the contracting parties to GATT initialled a set of major agreements in April 1979. Without going into detail we may say that these agreements have three main aspects:

- reciprocal tariff and non-tariff concessions;
- the conclusion of international arrangements in the meat and milk product (milk powder and butteroil) sectors;
- the introduction of codes or general arrangements extending to agriculture, on such matters as subsidies and countervailing duties, quantitative restrictions, customs valuation and technical barriers to trade. They both introduce more discipline into import and export practices and compel all the big countries to implement their GATT obligations on a equal basis.

These negotiations have enabled some progress to be made towards stabilization of the world markets for certain agricultural products and the Community's partners have had to acknowledge to some extend the special nature of international trade in agricultural products.

2.2. GENERALIZED SYSTEM OF PREFERENCES (GSP)

Pursuing its policy of opening up its markets to developing countries the Community was the first to implement, in 1971, a system of generalized preferences granting preferential tariffs on numerous processed agricultural products from these countries, in the form of reductions in or total exemptions from customs duties.

Among the products covered are certain fruits and vegetables, frozen, tinned or in the form of juice, vegetable and banana flours, certain vegetable extracts, certain oils (palm, palm kernel, and coconut), certain preserved meat and fish preparations and some products processed from cereals (cornflakes, baby foods etc).

The tariff reduction is granted for unlimited quantities, except for six sensitive products dealt with in separate regulations: soluble coffee, cocoa butter, two types of preserved pineapple and two types of raw tobacco.

The system has been constantly improved and by 1980 covered more than 300 processed agricultural products of a total value of nearly 2 000 million dollars.

A nex system was introduced in January 1981 for 10 years to implement two new objectives:

- simplification of the system and differentiation of concessions by benefiting country,
- the marginal preference was widened for 36 products already covered and a number of new products were added for the least advanced countries only.

It should also be stated that in the spirit of the Tokyo Declaration the Community has made extra concessions in the multilateral trade negotiations to help the least advanced developing countries and on 1 January 1979 introduced a special arrangement under which all agricultural products on the GSP list from these countries can be imported completely free of duty.

2.3. PREFERENTIAL AGREEMENTS

2.3.1. Lomé Convention

After the overseas countries and territories mentioned in Part Four of the Treaty of Rome had become independent a number of association agreements were negotiated, first of all with a group of 18 African states and Madagascar (AASM) and from 1975 with 46 African, Caribbean and Pacific countries (ACP), The second Lomé Convention with 61 developing countries came into force on 1 January 1981.

As regards trade aspects, to which this study is limited, the characteristics of the new system gradually introduced by the different agreements are the following:

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(a) freeing of trad between the EEC and the ACP countries
(b) general abolition of tariff barriers between the EEC and the ACP countries except for agricultural products for which there is a common organization of the market or specific rules adopted under the common agricultural policy (processed products). The Community has undertaken to grant the ACP countries more favourable treatment for these products than it grants other countries.

The first Convention guaranteed duty-free entry into the Community of most products from the ACP countries and the second has improved the system by making entry of agricultural products easier (particularly for fresh and preserved fruit and vegetables) and by widening the concessions for beef.

The arrangements for agricultural products from the ACP countries are thus particularly liberal. In fact almost all of these countries' agricultural exports to the Community - which in 1980 where 8 200 million dollars (5 900 million EUA) - enter the Community completely free of import charges.

Of the specific measures applied particular metnion may be made of beef and of sugar. Up to 30 000 tonnes of beef can be imported every year from the ACP countriex at an economic advantage since 90% of the levies can be replaced by a corresponding export tax. For sugar there ise a mutual purchase and delivery agreement coventry up to approximately 1.3 million tonnes of white sugar equivalent annually. The quantites are fixed individually for the producer countries which are signatories of the Sugar Protocol (ACP countries, overseas countries and territories, and India) at a guaranteed price, negotiated annually with these countreis, within the range of prices granted to Community producers.

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2.3.2. Mediterranean countries

Competition between imported and Community agricultural products has been more of a problem in the discussions with the countries around the Mediterranean which have traditionally traded with the Community. At the same time as the trade agreement was signed with Portugal in 1972 a general Mediterranean policy was formulated which has led to the signing of cooperation agreements with the Maghreb countries (Morocco, Algeria, Tunisia), those of the Mashreq (Egypt, Jordan, Syria, Levanon) and with Israel, in which tje purely commercial aspects are set in a wider framework of financial, technical and in certain cases social assistance.

2.3.3. EEC/Yugoslavia Agreement

From 1970 onwards, under a trade agreement with Yugoslavia, reductions were granted in the import levy on cattle and on beef ("baby beef").

On 1 July 1980 a new agreement entered into force under which Yugoslavia benefits from tariff concessions on a whole series of processed agricultural products. Concessions have also been granted on some specifically Yugoslavian products including morello cherries, Prilep tobacco and certain wines. The agreement also provides for changes in the EEC import levy on certain cattle and beef ("baby beef"). A protocol adjusting the agreement following the accession of Greece is now being negotiated.

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3. ANALYSIS OF TRADE BETWEEN THE EEC AND THE DEVELOPING COUNTRIES IN AGRICULTURAL PRODUCTS FOR WHICH THERE IS A COMMON ORGANIZATION OF THE MARKET.

3.1 OILSEED, VEGETABLE OILS AND OIL CAKE

A. Trading system

1. Regulations pursuant to the common agricultural policy.

The principles of the Community rules applicable to these products are laid down in Regulation N° 136/66/EEC on the establishment of a common organization of the market in oils and fats. The rules were designed for a situation - which already existed in 1966 and has changed very little since - specific to this sector: The Community's low degree of self-sufficiency. In 1980, the Community produced only 15% of the oilseed, 20% of the vegetable oil (excluding olive oil) and 5% of the oil cake which it needed.

The Community thus introduced particularly liberal import arrangements for oilseed, oil and oil cake in 1966. Indeed, such products are imported into the Community without quantitative restrictions or levies. Imports are subject only to customs duties (seed and cake are zero-rated). The import duty on oils varies between 5 and 15%, depending on whether they are to be used as food or for industrial purposes and on the extent to which they have been refined.

Support is given to the Community's production of oilseed in order to prevent an undue increase of its shortfall in seed, oil and cake. The Community's policy is based mainly on two traditional crops: colza and sunflower.

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Provision is made, in the case of these products, for a system of target and intervention prices and for an aid system (deficiency payments) which ensures that the cost price to Community mills is at the same level as the world market price.

2. Preferential systems granted by the Community to developing countries

(a) The Generalized Scheme of Preferences (GSP)

On 1 July 1971 the Community's GSP for products from the main exporting countries in the third world entered into force.

The Scheme, which consists in lower customs duties, applies to oil only, since the duty on seed and cake is zero in any case.

The total value of the vegetable oils falling within Common Customs Tariff heading 15.07 and imported under the GSP in 1979 was in excess of 400 million ECU. Such oils are accounted for in particular by palm oil and palm kernel and copra oils, whose rates of duty have been reduced from 6 to 4% and from 10 to 7% respectively (position in 1981).

(b) The preferential system applied to ACP countries

Under the Lomé Convention the Community allows duty-free import of oil from 61 African, Caribbean and Pacific (ACP) countries.

The total value of the vegetable oils (mainly groundnut, palm, palm kernel and copra oil) falling within Common Customs Tariff heading 15.07 and imported under these exemption arrangements in 1979 was about 150 million ECU.

3. Tokyo Round

The Community's concessions on oils and fats in the context of the Tokyo Round (1973-79) consisted mainly of a lowering of customs duties on tallow, stearin, certain animal fats and certain fatty acids.

B. Trade

1. The Community's exports

Since its production of oilseed, oil and oil cake tends to fall far short of demand (see above) the Community certainly cannot be regarded as a major exporter of such products.

Apart from some quantities of oil and oil cake which it exports to traditional customers, the Community is only an occasional exporter of oilseed. Besides, oil and oil-cake exports account for only a small proportion of production.

In the light of the above, close scrutiny of exports is not required in the context of this document (see statistcs annexed).

2. The Community's imports

(a) Oilseed and oleaginous fruit

The underlying trend in the Community's imports of oilseed and oleagious fruit from 1973 (9.5 million t) to 1980 (14.7 million t) was an annual rate of increase of 7%. However, the trend varied considerably as between products. The increase was 7% and sometimes even higher in the case of imports from developed countries, whereas imports from developing countries actually fell.

In terms of quantity, soya beans accounted for 80% of the Community's total imports of oilseed and oleaginous fruit in both 1973 and 1980. Imports rose from 7 million t in 1973 to 11.8 million t in 1980, an annual rate of growth of 7%. The biggest increase was in the case of imported sunflower seeds (up from about 0.2 to 1.3 million t during the period in question). Imports of colza seed were irregular, varying between 125 000 and 732 000 t per year.

However, Community imports of oilseed and oleaginous fruit from developing countries (groundnut, copra, palm kernels and castor seed) have fallen steadily. In 1980, at 0.67 million t, total imports of the four products were 50% down on 1973 (1.25 million t). Although the d decrease can in certain cases (e.g. groundnuts) be ascribed to poor harvests in the producing countries, it is mostly the result of the growth of processing in the developing countries themselves and of increased imports into the Community of the oils thus produced.

Of all the Community's suppliers, the biggest by far is the United States, with exports to the Community of 9 million t of soya beans and 1 million t of sunflower seed (equivalent to about 70% of total oilseed imports).

(b) Vegetable oils (not including olive oil)

The Community's imports of oils rose from an average of 1.6 million t in 1973-75 to an average of 1.8 million t in 1978-80, i.e. an annual increase of 2.1%.

Oils originating specifically in industrialized countries, which account for only a small share of the Community's total oil imports, declined even further during the period in question (viz. a mere 23 000 t of soya oil, 18 000 t of colza oil and 23 000 t of sunflower oil).

On the other hand, there was during this period an increase in the already large share of oil imports accounted for by the developing countries. Oils imported exclusively from such countries, viz. groundnut, copra, palm kernel, palm and castor-seed oils, rose from an average of 1.2 million t in 1973-75 to an average of 1.5 million t in 1978-80, thus accounting for 75-85% of the Community's total imports. During the period in question such imports roxe by an annual average of 2.7%. There was a sharp increase in the case of imported copra and palm kernel oils during this period: from 120 000 t in both cases to 300 000 t and 160 000 t respectively.

(c) Oil cake

In response to the Community livestock herd's growing need for protein, imports of oil cake rose sharply in the 1970s, from an average of 7 million t in 1093-75 to an average of 12 million t in 1978-80, i.e. an annual increase of 11.4%.

In 1973-74 the Community's oil cake imports were equally divided between industrialized and developing countries, with each group shipping 3.5 million t to the Community. The pattern has changed considerably since then, however, with imports from industrialized countries (4 million t in 1979) showing only a moderate increase (2.25% per year on average), whereas those from developing countries (upwards of 8 million t in 1979) have more than doubled.

Taking the period 1973-79 as a whole, the Community's oil cake imports from developing countries increased at an annual rate of 14.75%. This was mainly due to the spectacular incrase in imports of soya cake from Brazil (from 670 000 t in 1974 to 3 150 000 t in 1979). There were increases too in other products imported from developing countries, e.g. copra cake (from 600 000 t in 1973/74 to 850 000 t in 1979/80) and palm kernel cake (from 225 000 t to 420 000 t during the same period).

Soya cake imports from the United States have not followed the same pattern, let alone the sharper upward trend of US soya bean exports: they rose fom 2.5 million t in 1974 to 2.6 million t in 1979. There was however a fairly sharp increase in 1980, to 3.6 million t, but this was perhaps an exceptional phenomenon due in particular to the embargo on supplies to the USSR.

C. Conclusions

Given the fact that its production of oilseed, oil and oil cake tended to fall short of demand, the Community opted for a liberal system of imports when establishing the common organization of the market in oils and fats in 1966.

This certainly helped to "ensure that supplies reach consumers at reasonable prices", one of the common agricultural policy's objectives laid down in article 39 of the Treaty of Rome. However, such a policy can serve tu put Community supplies at risk when exports from one or more of the major producing countries outside the Community are brought to a standstill, witness the US embergo on soya sales in 1973.

Has this liberal approach also allowed non-member countries to benefit fully from the increased demand for oilseed, oil and oil cake in the Community since 1966? The answer is certainly "yes". The Community, in addition to being the world's leading importer of such products, has seen its imports rise at a relatively high rate: 7%, 2.1% and 11.4% since 1973 in the case of oilseed and oleaginous fruit, vegetable oil and oil cake respectively.

However, this growth has not been shared equally between industrialized and developing non-member countries. The increase in seed imports has been met mainly by the industrialized countries. The total value of the Community's imports of oilseed from the United States - its main supplier - has doubled since 1973, and those of oil and cake have also risen.

The developing countries, which have acccounted for most of the growth in the Community's imports of oil and oil cake since 1973, have seen their seed exports to the Community decline during the same period. The two trends in fact go hand in hand and are the logical end result of the development, in developing countries, towards processing the oilseed and oleaginous fruit in the country of production. The following statistics concerning the Community's imports from the developing countries reflect this pattern:

THE COMMUNITY OF NINE - SEED, OIL AND CAKE IMPORTS
from the developing countries in particular

	Average for 1973-1974	Average for 1979-80	
	('000 t)	('000 t)	1973/74 = 1000
SEED / FRUIT			
1. Copra, total	393	200	50.9
2. Palm kernel, total	226	131	58.0
3. Soya, from Brazil	1 568	433	27.6
OIL			
1. Copra, total	129	317	245.7
2. Palm kernel, total	117	171	146.2
3. Palm, total	622	701	112.7
CAKES			
1. Copra, total	607	859	141.5
2. Palm kernel, total	266	417	184.5
3. Soya, from Brazil	685	3 191	465.8

Source: NIMEXE and FEDIOL (Federation of the Seed Crusters and Oil Processors in the EEC)

The developing countries' exports of groundnuts to the Community have not shown the same substantial growth as their other oleaginous products, viz. oil and oil cake.

THE COMMUNITY OF NINE - IMPORTS OF GROUNDNUTS, GROUNDNUT OIL AND GROUNDNUT CAKE

	Average for 1973 - 1974	Average for 1979 - 1980	
	('000 t)	('000 t)	1973-74 = 100
- Groundnuts, total	502	336	66.9
- Groundnut oil, total	306	335	109.5
- Groundnut cake, total	895	870	97.2

Source: NIMEXE

However, this stems mainly from poor groundnut crops in the producing countries, particularly in Africa.

Accusations of protectionism in the oils and fats sector have late been levelled at the Community in certain international forums (UNCTAD and FAO), in particular because of the customs duties on oils. The figures and the analysis contained in this chapter clearly show that such accusations are groundless. On the contrary, the Community's policy in the oils and fats sector has been a markedly open one, with substantial benefits for non-Community countries, both developing and developed.

THE COMMUNITY OF NINE - SEED, OIL AND KCAKE EXPORTS

(tonnes)

	1973	1980
Oilseed and oleagious fruit	147 000	47 000
Vegetable oils and fats (excluding olive oil)	420 000	668 000
Cake	1 294 000	1 365 000

Source: FEDIOL

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3.2. OLIVE OIL.

1. Common Organization of the markets.

Although there is not a real world market for olive oil. Despite the fact that the world market for olive oil is not a world market as such the market is rather small and is, to all intents and purposes, limited to the Mediterranean basin - the Community, which is the world's leading user of olive oil, has ensured the harmonious progress of international trade by absorbing, at least until the middle 1970s, ever-increasing quantities of the olive oil available on that market. The highest level reached was 251 000 t in 1972/1973, i.e. more than two-thirds of total world exports. From 1974/1975 onwards, because of the worsening competitive position of olive oil compared with the main alternative oils and the consequent drop in olive oil consumption, there was a fall in imports, although imports of certai qualities such as lampante were unchanged.

a) Imports.

The common organization of the market in olive oil was set up on 1 November 1966. It consists mainly in the fixing each year of Community prices, in particular the threshold price, which determines the price at which olive oil may be imported into the Community from non-member countries.

The levy system, which is aimed at protecting Community production, was nonetheless eased for imports from the main developing countries around the Mediterranean. Under the special arrangements provided for in the co-operation agreements between the EEC and the countries concerned, the levy normally applied to oils imported from non-member countries is reduced in the case of olive oil from the Maghreb countries and Turkey. The levy is reduced by 25 ECU/100 kg in the case of the Maghreb countries - on condition that the exporting countries charge an equivalent export levy. Since the average Community levy in 1980/1981 was about 25 ECU/100 kg these arrangements enabled the countries in question to export their olive oil to the EEC almost entirely without levy.

b) Exports.

Since supply tends to fall short of demand on this market, the Community's olive oil exports consist mainly - as they have always done in the past - of olive oil in small immediate containers. These are aimed at maintaining a traditional export market in non-member countries(e.g. the United States of America) where there are immigrants from the Mediterranean area. The average annual level of exports is 15 000 t.

3.3. SUGAR.

A.1. The EEC's policy.

Like those that preceded it, the new common organization of the market in sugar, applicable from 1 July 1981, is based on Articles 42 and 43 of the Treaty of Rome and includes arrangements governing prices, production quotas and trade.

Through guaranteed intervention buying in, and refunds and levies on trade with non-member countries, the arrangements regarding prices and quotas ensure guaranteed prices and outlets for sugar-beet growers and sugar manufacturers.

They are aimed in particular at achieving a certain balance between supply and demand, by ensuring that supplies always reach the consumers at reasonable prices and that the prices paid to the producers provide them with a sufficient return.

The quota system lays down A and B quotas for each undertaking. Prices and outlets are guaranteed only in respect of sugar produced within such quotas, the surplus being sold on the world market at the prices obtaining there.

Unlike previous quota systems, which placed a limit on the producers financial responsability (the levy-in respect of B sugar only - could not exceed 30 % of the intervention price), the new common organization provides that Community producers must pay the full cost of disposing of A and B sugar which is in excess of the Community's consumption. The most fundamental change in the common policy for sugar lies in the fact that surpluses will no longer be disposed of at public expense (except for the export of 1,3 million t corresponding to the preferential imports of sugar from ACP countries).

This renders groundless the allegations emanating from several sources to the effect that there are export subsidies.

Criticism has also been levelled at the EEC in connection with the guaranteed prices, which were felt to be at a high level and which, it was alleged, enabled producers to offset the production levy. However, the 1981/1982 raw sugar intervention price is equivalent to about 18 cents/lb, i.e. mid-way in the price range laid down by the International Sugar Agreement (13-23 cents/lb) and regarded by the signatories to the agreement as being fair to both producers and consumers.

The EEC's rate of self-sufficiency.

For various reasons, the EEC and the rest of the world were faced with a shortage in 1973/1974 and in 1974/1975. This would have pushed prices on the Community's internal market up to very high levels, had no action been taken. The Community thus had to grant import subsidies (in 1974/1975) and adopt production-support measures. The area sown rose by 19 % and has remained more or less unchanged since then.

As a result of four exceptionally good harvests in succession (1977-1978 - 1980/1981) total sugar production has risen to 125 % of consumption.

This increase in production, coupled with stable consumption, has further reduced the amount of imports from non-member countries, so that, with minor exceptions, only preferential sugar is now imported by the EEC. On the basis of preferential imports from ACP countries, and assuming normal harvests, the Community is in a position to export about 3 million tonnes of sugar onto the world market (for statistics on imports and exports, see Annex).

The world market.

After rising by an average of 2 % per year in 1970/1979, the amount of sugar on the world market has remained unchanged at its 1979 level (approx. 90 million tonnes), particularly because of high prices and the production of isoglucose, a sugar substitute [1].

(1) The Community has included isoglucose in the new quota arrangements in order to stem the increase in production and make the undertakings concerned share in the cost of disposing of the corresponding quantity of sugar by exporting it to non-member countries.

Most isoglucose is produced and consumed in the three main sugar importers, the United States of America, Canada and Japan, thus reducing by a corresponding amount their purchases on the world market. In discussions on the underlying reasons for price changes, there is a tendency to emphasize the role of production in the supply/demand relationship and to overlook demand, although it is obvious that lower import demand can have the same effect on prices as an increase in exportable production.

The progress of world production has been far more uneven than that of consumption. After rising more rapidly than consumption during the period from 1972/1973 to 1979/1980, production fell sharply but is expected to equal consumption in 1981/1982 (approx. 92 million tonnes).

One of the features of the world market is the large number of special agreements between buyers and sellers. Consequently, world market prices are determined by trade on the relatively narrow market that remains (about 15 % of total world production) and show wider fluctuations than the prices of most basic foodstuffs. In November 1974 world market prices were at an unprecedented level - much higher than within the Community - but had fallen to 30 - 40 % of the EEC price 18 months later. In November 1980 the world market price was at a new peak (twice as high as the price within the Community), but was again below the EEC price less than 6 months later.

Supply/demand trends since World War II point to a 7-8 year sugar cycle, with five or six years of surplus, during which stocks are built up, and two years of shortage in which stocks tend to run down.

An international agreement on sugar was concluded in 1977. Its aim was to stabilize world market prices at remunerative levels, in particular for the benefit of developing countries. The Community agreed with its overall objectives and took an active part in the negotiations but, in the final outcome, felt that the Agreement was based on instruments which were took weak and ineffective (this was later borne out by events).

The Community refused to become a signatory to the Agreement but has remained in permanent contact with the International Sugar Council. In 1981 the Community began exploratory talks with a view to subscribing to a more satisfactory version of the existing agreement or perhaps a new agreement altogether. By way of a voluntary contribution to the improvement of the depressed world market, the Community and its producers have now decided to withhold some 2 million tonnes from the world market in 1981/1982 in the hope that the signatories to the existing international agreement on sugar will take similar steps.

B.1.Imports.

Imports of both raw and processed sugar are subject to import levies. These are aimed at guaranteeing the principle of Community preference for EECproduced as against world market sugar; the levies are based on the gap between the world market price and the Community threshold price.

Notwithstanding these arrangements the Community imported considerable - but decreasing - quantities of sugar during the 1970s, for two reasons. Firstly, under the so-called "im-ex" arrangements, raw sugar can be imported, refined and re-exported as white sugar without incurring an import levy. This is possible only if the price of white sugar is at a satisfactory level relative to raw sugar and if there is sufficient refining capacity. This was the case during the early 1970s, but the decline in the Community's refining capacity and the large consignments of white sugar from other sources have to all intents and purposes put an end to this trade.
Secondly, certain quantities of duty-free sugar were allowed to enter the United Kingdom (and after 1972, the Community) under the Commonwealth Sugar Agreement. The Agreement expired in 1974 and has been replaced by the Protocol on sugar which is annexed to the Lomé Convention.

This protocole includes a mutual commitment to buy and deliver annually the equivalent of 1,3 million tonnes of white sugar. The price, negociated annually with these countries, is within the price range agreed for Community producers. The amounts to be delivered are fixed individually for each member country of the sugar protocole. In this context it should be noted that the current trends indicate that sugar from ACP countries could in the medium term meet increasingly stiff competition - both on world and community markets - from beet sugar and isoglucose.

B.2. Exports.

Processed and unprocessed sugar is exported by the Community onto the world market under an export licence system. Sugar produced within the quotas can be exported (depending on the world market situation) with an export refund or levy, reflecting the difference, if any, between Community and world market prices. In order to encourage the fullest possible competition between exporters, the amounts of the refunds: levies are fixed in accordance with a weekly tendering procedure which allows the sugar to the disposed of without disrupting the balance on the world market.

As a result of its exports policy the Community was present on the world market on a permanent basis during the 1970s and earned a reputation as a stable and reliable supplier, particularly for white sugar. As Community exports are large, the policy has certainly been instrumental in damping down the erratic movements in world sugar prices and has been beneficial to both importing and exporting developing countries.

3.4. CEREALS.

1. Common organization of the market.

a) Basic principles.

There has been a common organization of the market in cereals since 1 July 1967. The system is fairly liberal, especially as regards external trade, in that there are, for example, no import quotas. As in other sectors, the keystone of the system is the annual fixing of Community prices for both the internal market (intervention and reference prices) and the external market (threshold price).
There are import levies to bring the entry price of cereals up to the threshold price, thus ensuring that Community price levels are complied with. Export refunds are granted to bridge the gap between prices on the internal market and the world market. Furthermore certain substitute products, such as manioc and maize gluten feed, pay no levy when they enter the Community (6 % customs duty on manioc) because of agreements under GATT.

b) Imports from developing countries.

Reduction of the levy.

The levy is reduced by 0,50 ECU per tonne on certain cereals imported from Morocco and Turkey (Council Regulations N° 1520/76 and N° 1180/77, Commission Regulation N° 2622/71).

In addition, Council Regulation N°435/80 provides for a 1,81 ECU per tonne reduction in the levy on maize, and a 50 % reduction in the levy on millet and sorghum, imported from ACP countries.

There are also reductions on imports of rice. The same Regulation further provides for 25 000 tonnes of maize to be shipped, with no levy at all, from ACP countries to the French Overseas Departments.

Measures to restrict imports of substitute products.

On instructions from the Council, the Commission concluded an agreement with Thailand in November 1980 which limited exports of Thai manioc to the Community to five million tonnes per year. The agreement has been initialled but not yet ratified by Thailand.

The Commission hopes to conclude a similar agreement with Indonesia by the end of this year [1].

In December 1981, the Commission sent the Council an overall report on the problem of imports of these products.

c) Community policy on exports to developing countries.

As is the case with exports to a large number of non-Community countries, commercial sales of wheat and barley to developing countries are effected by weekly tender, at which refunds requested by operators for the export of specific quantities either accepted or refused.

The principle is that a maximum refund is determined for all destinations, except certain nearby countries, such as Switzerland, for which a lower refund is justified on geographical grounds.

In 1981/1982 there were three tendering procedures. The first was for exports of wheat to all destinations except the nearby countries and South America, there was another for South America, and a third for exports of barley to all destinations except the nearby countries and certain Asian countries such as Japan.

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(1) To this end the Commission and the Indonesian authorities drew up in November 1981, a draft exchange of letters providing for manioc to be unbound under GATT and a tariff quota open to GATT members to be established.

The single refund for all destinations, and specifically the developing countries, means that the Community is attempting to ensure equality of treatment for all countries of destination, irrespective of distance. As the aim is to keep refunds as low as possible, it is in any case logical for the countries near to the EEC to be supplied first. In practice any country may buy in the EEC at the same FOB free-at-EEC-frontier price.

Special arrangements.

- Long-duration licences.

The Regulations in force make it possible, in special cases, for export licences of a duration of up to a whole marketing year to be granted for exports of soft wheat, rye, barley, maize, rice, wheat and rye flour, and durum wheat groats and meal, the normal period of validity being "current month plus two" or, under tendering procedures, "current month plus four".

It has become traditional for such a licence to be issued for the supply of between 400 000 and 500 000 tonnes of wheat to the countries on the coast of West Africa. This provides a guarantee of stable long-term prices.

- Long-term contracts.

The EEC's competitors on the world market, especially the USA, Canada and Australia, are more and more tending to offer their customers, even developing countries, long-term contracts for the supply of cereals. So far, the major contracts have been with China and the USSR, but there is hardly any doubt that such contracts may come to influence the share-out of the world market. The Community has not so far concluded any such agreements. However, a three-year framework agreement has been signed between France and China for the supply of 500 000 to 700 000 tonnes of wheat per year.

- Crédit for developing countries.

The developing countries are in ever greater need of credit to finance their imports of cereals. The degree of success of American exports on markets close to the EEC, such as Egypt, is largely due to the American ability to deliver, under Public Law 480, certain amounts of wheat/flour on very advantagous terms (the amount covered is 3 million tonnes per year). It is worth pointing out here that there is no Community system of export credit.

Export credit in the EEC is currently granted by national bodies (such as COFACE in France) for limited quantities. The lack of a Community instrument reduces export opportunities, even on nearby markets.

2. Trends in world trade.

a) Exports.

The world grain trade has expanded rapidly. From 1973/1975 to 1980/1981 it increased from 129 to 192 million tonnes, a rise of 49 %. There was a proportionate rise in trade in wheat (see Annex I), which rose from 63 million tonnes in 1973/1974 to 93 million tonnes in 1980/1981, a rise of 48 %.
In 1981/1982 the volume of world wheat trade is likely to be 102 million tonnes. The market is dominated by the USA, which increased its exports by 38 % between 1973/1974 and 1980/1981, with an expected market share of 50 % in 1981/1982.

The EEC's exports of wheat have also increased, from five million tonnes in 1973/1974 to 13,6 million tonnes in 1980/1981. The latter figure represents 14 % of the world market.

Exports of wheat (including flour) from developing countries are low and very irregular. They amounted in 1973/1974 to only 1.2 million tonnes. They are estimated to have been 5.7 million tonnes in 1979/1980 and 4.9 million tonnes in 1980/1981.

There has been a great rise of 52 % in international trade in feed grains, from 65 million tonnes in 1972/1975 to 99 million tonnes in 1980/1981 (see Annex II). The market here is even more clearly dominated by the USA (especially in maize), the American share of the world market having risen from 60 to 70 %. There has been no significant increase in the EEC's exports, although in addition to the amounts referred to above the Community does export about 1.7 million tonnes of barley in the form of malt. The developing countries exported 11.8 million tonnes of feed grain in 1973/1974 and 9.5 million tonnes in 1979/1980 (estimate for 1980/1981 : 11 million tonnes).

b) Imports (see Annex III).

EEC purchases of feed grains have fallen but are nonetheless still at a high level, while imports of wheat by China and, even more, of wheat and feed grains by the USSR have increased. The developing countries (Africa/Asia) have greatly expanded their imports of wheat. In Africa, there is a large degree of concentration in a few countries : in 1979/1980 Egypt and the Maghreb countries accounted for 70 % of African wheat imports.

In 1978/1979 the developing countries wheat imports amounted to 49.4 million tonnes, equivalent to 70 % of world imports. The estimate for 1979/1980 is 53.9 million tonnes, 65 % of world imports, and 58.7 million tonnes for 1980/1981, or 63 % of world imports. In 1978/1979, the same countries imported 23.3 million tonnes of feed grains, or 26 % of world trade. The estimate for 1979/1980 is 26.2 million tonnes (26 %) and for 1980/1981 it is 29 million tonnes (28 %).

The developing countries put more emphasis on cereals for human consumption, while the developed countries, which consume more meat, import more feed grains.

The Community also imports substitution products which replace cereals in animal feed. The main ones are manioc and maize gluten feed. The feed value of the amounts imported in 1980 is equivalent to that of 12.29 million tonnes of barley (6% customs duty on manioc) (see Annex IV).

c) Analysis of the market.

As the world market price is determined mainly by the USA, the Community's selling prices normally follow American quotations. This applies more to wheat and maize than barley : it may happen that during the marketing year the Community becomes the main seller of barley, and then it has a greater influence on barley price levels. However the world market price for barley is more or less tied to that for maize, which is dominated by the Americans. The price of processed products exported by the EEC, such as barley malt and wheat flour, depends essentially on the world price of the cereals used. The Community is the main supplier of these products (about 50 % of the world market). However, its position does not in pratice enable it to sell these products at prices appreciably above those of the basic cereals.

The EEC's external trade, within which imports are falling if cereal substitutes are ignored and exports are rising, has an effect on world prices to the extent that it affects the overall ratio between supply and demand. However, the EEC's share in world trade, and specifically in exports, is fairly small, especially in comparison with the USA, so this impact is somewhat limited.

Three factors have contributed to the rise in the EEC's exports :

- an increase in output of cereals in the EEC, from an average of 77 million tonnes in 1962/1964 to 125 million tonnes in 1980/1981;
- less of a rise in internal consumption;
- a rise in imports of cereal substitute products.

In 1980/1981, the Community for the first time became more than self-sufficient in cereals and figured as a net exported (exports about 20 million tonnes, imports about 14 million tonnes), because of the increase in imports of substitution products (see Annex IV). Without the latter, the EEC's cereal balance would have remained negative by about 7 million tonnes.

3. Trade between the EEC and developing countries.

a) Exports.

1. The Community has shared in the increased imports of wheat/flour by developing countries; however, despite the increase in Community exports, only 73,6 % of 1980 deliveries went to developing countries as against 78,8 % in 1973. Between 1976/1977 and 1979/1980, the EEC considerably increased its supplies to Black Africa (from 0,7 to 1,1 million tonnes), the Maghreb (from 0,265 to 1,85 million tonnes) and Egypt (from 0,52 to 1,66 million tonnes).

   The amount of feed grains delivered to developing countries is limited, having amounted in 1979 to 19,1 % of Community exports. This is in line with the average for previous years. The absolute level of EEC exports has not changed much, and the trade pattern here is stable. However, there are deliveries of barley to the Maghreb (319.000 tonnes in 1977/1978, 250.000 tonnes in 1978/1979 and 207.000 tonnes in 1979/1980).

2. Food aid.

   Under the Food Aid Convention, the Community has made an annual contribution of 1.3 million tonnes of cereals over recent years (wheat, flour, maize and rice). This amount, increased to 1.6 million tonnes from 1980/1981, has had no effect on world trade proper, as the receiving countries are not generally in a position to buy the amounts supplied on the world market.

b) Imports.

The EEC's imports from developing countries are fairly low, and falling at that. In 1973, 8,2 % of EEC wheat imports came from developing countries, and this fell to 4,2 % in 1979.

In 1973, 19,3 % of feed grain imports came from developing countries (maize, millet, sorghum), and this fell to 16.7 % in 1979. Most of it, moreover, came from Argentina. In 1979/1980 the Community did not import maize, barley or wheat from developing countries in Africa. However, it did import 50 000 tonnes of sorghum (Tanzania, Sudan).

Community imports of rice (mainly husked) from developing countries are fairly steady: since 1973 these countries have supplied about 40 % of the EEC's rice imports, amounting to about 200 000 t per year.

4. Trends in world production - prospects.

a) Production.

From 1973 (first year of the Community of Nine) to 1980, world production of cereals (including rice) increased from 1 377 to 1 568 million tonnes, a rise of 14 %. EEC production, which in 1980 was 8 % of world output, increased by 16 % from 108 to 125 million tonnes. The output of the developing countries, which in 1979 was 28 % of world production, increased from 389 million tonnes in 1973 to 437 million tonnes in 1979, a rise of 12 %. The output of the main exporters of cereals apart from the EEC (USA, Canada, Australia, Argentina) increased from 294 million tonnes in 1973 to 344 million tonnes in 1980, a rise of 17 %.

Rice production in 1980 is estimated at 396 million tonnes, of which 373 million tonnes were grown in the developing countries and 24 million tonnes in the developed countries. The Community produces only about 1 million tonnes of rice, and in view of the small amount of this crop figuring in its external trade (imports 0.5 million tonnes, exports 0.3 million tonnes) trade in rice will be discounted in this study.

From 1973 to 1980, world wheat production rise by 18 % from 377 to 445 million tonnes, with EEC output increasing by 33 % from 41 to 54.5 million tonnes.

Between 1973 and 1979 the developing countries increased their production by 34 % from 71 to 95 million tonnes (22 % of world output) The western industrialized countries apart from the EEC increased their output in the same period from 246 to 305 million tonnes, a rise of 24 %.

It is worth noting that production in the USA, the main wheat exporter, increased from 46 million tonnes in 1972/1974 to 58 million tonnes in 1979 and 64 million tonnes in 1980. The estimate for 1981 is 76 million tonnes.

From 1973 to 1980 world production of feed grains increased from 676 to 723 million tonnes, a rise of 7 %. Between 1973 and 1979, developing countries' output also increased by 7 % from 138 to 148 million tonnes (20 % of world production). In the future, world production and hence also the amount available for export may well increase, as further improvements in yields are likely.

b) Prospects

The rise in Community exports raises a problem of finance Expenditure on the cereal markets rose from 600 million ECU in 1975 to 1 700 million ECU in 1980. This was due not only to the increased volume of exports but also to the fact that, apart from the period of shortage in 1975/1976, world prices have generally been well below Community prices, which have been raised each year. Thus, the average import levy on wheat, corresponding exactly to the difference between the world market price and the Community threshold price, rose as follows over recent years :

1973/1974	:	56 Ecu/t ;	1974/1975	:	36 Ecu/t ;
1975/1976	:	3 Ecu/t ;	1976/1977	:	37 Ecu/t ;
1977/1978	:	96 Ecu/t ;	1978/1979	:	86 Ecu/t ;
1979/1980	:	116 Ecu/t .			

Over the next few years there is no certainty of the cost of exports falling. World requirements are admittedly rising fast because of population growth, but most of the countries concerned cannot afford to buy what they need. None the less, the International Wheat Council expects international trade in wheat in 1981/1982 to amount to 92-96 million tonnes as against 93 million tonnes in 1980/1981, and imports by developing countries to amount to 47.5 million tonnes as against 44.4 million tonnes in 1980/1981.

On the world market, purchases by the USSR and China are playing an ever greater role. The Soviet Union, which has the money to pay for imports, is expected to buy between 38 and 40 million tonnes of cereals in 1981/1982 (as against 10 million tonnes in 1976/1977), which is what its ports can currently handle. China, with imports of 15 million tonnes, is also supporting the world market, but foreign exchange difficulties will probably not allow it to increase its imports much.

Over the last few years the Community has been following a prudent price policy, in order among other things to make the Community produce (both cereals and cereal-derived products such as poultry, dairy produce and pigmeat) more competitive on the world market and so reduce the cost of exporting. Thus, for 1981/1982, the reference price for minimum-quality common wheat has been increased by only 5.5 % and the intervention price for feed grains by only 6 %.

Measures have also been taken to increase consumption by livestock of Community feed grains and to limit the surplus for export. Thus the Community preference, i.e. the difference between the threshold price and the intervention price (market price), has been further widened and quality standards for common wheat of breadmaking quality have been raised. The reference price is now set for the average quality and no longer for the minimum quality, and the intervention price for rye has been brought more in line with the single price of common wheat, maize and barley for stock feed.

In its price proposals for 1982/1983, the Commission also envisages arrangements for cereal producers' co-responsibility. The principle of this was accepted by the Council in 1981.

We should not, however, lose sight of the fact that production of cereals has progressively given rise to surpluses and that, if things go on as they have done, this development is bound to continue, despite the measures which have been taken. Hence, in order to achieve better guidance of production and to lighten the burder on the Community budget, the Commission has proposed that a threshold be set beyond which the intervention and reference price guarantee would be reduced for the following year.

3.5. MILK AND MILK PRODUCE

1. Common organization of the market.

The common organization of the market in milk and milk products is based on the general principles of the Community's agricultural policy, and consists in practice of :

a) a target price for milk, representing the milk price which it is Community policy "to obtain for the aggregate of producers' milk sales, on the Community market and on external markets, during the milk year";

b) a system whereby agencies in each Member State of the Community are obliged to buy any butter and skimmed milk powder offered to them, at the intervention price.
Intervention prices enable dairies to pay producers a price close to the target price, for the quantities sent into intervention;

c) a trading system based on the principle of Community preference, involving the following measures :

(i) Imports.

On the basis of the target price for milk, a threshold price is fixed each year for milk products, which are divided into groups. For each group a pilot product is chosen and a threshold price fixed for it. This is the lowest price at which products of that group may enter the EEC from non-Community countries, and is used to calculate the levies.

Under certain unilateral concessions under GATT, the Community has concluded some special agreements to case import into the EEC, in certain specific cases.

In negotiating the accession of new Member States, the Community also committed itself to importing a certain amount of butter from New Zealand.

(ii) Exports.

The Community is able to grant export refunds to cover the difference between internal prices and prices on the international dairy market. Such refunds are uniform for the whole Community, but may be differentiated by country of destination, in order to take account of any special features of particular markets.

In order to facilitate the conclusion of major contracts whose execution may extend over a number of months, the amount of the refund may be fixed in advance.

As for imports, the Community has concluded special export agreements with a number of non-EEC countries, with a view to expanding dairy trade.

These countries include Switzerland, Spain, Austria, the USA, Canada and Australia.

2. Developments in Community policy.

The intervention price and trade systems described above have helped stabilize and support the market in milk and milk products, but have not been able to prevent overproduction.

Other measures have had to be taken to re-establish the balance between supply and demand, by restraining the growth in output and increasing outlets for dairy produce.

a) Co-responsability levy.

Milk producers pay a compulsory levy, which is a percentag of the milk target price. The purpose of the levy, which was first paid in 1977, is to help find outlets for dairy produce.

b) Non-marketing and conversion premiums.

There is aid for farmers who agree either to slaughter their dairy cows or convert their herds to meat production.

c) Special measures for the disposal of milk products.

- Reduced-price sales of butter on the Community market;
- Encouragement of the incorporation of skimmed milk in livestock feedingstuffs.

3. Development of the world market.

World milk production reached about 470 million tonnes in 1980, 116 million tonnes being accounted for by the EEC. International trade amounts to 30 million tonnes of milk equivalent. The greatest increase in imports during the last few years have been recorded by the OPEC countries, whose imports reached a record of 5 million tonnes of milk equivalent in 1980, and the other developing countries.

The Community is traditionally one of the main participants in world dairy trade.

In the period 1973/1979, the Community increased its exports by 170 % in value, an average of 22 % per year. This appreciable increase has not prevented a sharp fall in the unit cost of exports.

Since 1978 the export refund on butter has fallen from 199 Ecu per hundred kilos to its current level of 105 Ecu per 100 kilos. The volume of commercial exports rose from 101 000 tonnes in 1978 to an estimated 348 000 tonnes in 1980 (butter not further processed).

In the case of skimmed milk powder, the export refund has fallen from 80.44 Ecu per 100 kilos two years ago to 37 Ecu per 100 kilos at present. Despite this fall, commercial exports of SMP have risen from 268 000 tonnes in 1978 to 465 000 tonnes last year.

4. Relations between the EEC and developing countries

(a) The Community's exports to developing countries

In 1979 the Community exported milk products worth more than 1 500 million EUA to developing countries (butter and butteroil worth more than 400 million EUA, whole milk powder worth nearly 400 million EUA and skimmed milk worth 300 million EUA) (Table 3).

Exports to developing countries in 1979 were 140% higher than in 1973, an annual increase of 15.5%. The value more than tripled (+ 245%), an annual increase of 23%. Over the same period 1973-79, exports of skimmed milk powder and cheese tripled and those of whole milk powder and butter more than doubled. It was only for concentrated milk that there was a more modest increase of 37%.

The main traditional markets for concentrated milk are Nigeria, Algeria, Libya and Saudi Arabia and for whole milk powder Venezuela, Saudi Arabia and Iraq. The most important destinations for skimmed milk powder are Algeria, India, the Philippines, Mexico and Egypt, for butter Iran, Egypt, Morocco and Syria and for cheese Iran, Egypt and Saudi Arabia.

(b) Food aid

Food aid accounts for an appreciable proportion of exports of milk products to the developing countries. In 1980, 144 000 tonnes of skimmed milk powder and 45 000 tonnes of butteroil were sent to developing countries as food aid, accounting for 25% and 8% respectively of total exports of these products and 37% and 11% respectively of total exports of these products to developing countries.

Food aid is supplied either directly to developing countries or through specialized aid organizations. In 1980, 150 000 tonnes of milk,powder and 45 000 tonnes of butteroil were given under the aid programme, India and Egypt being the most important of more than 50 recipient countries.

5. Conclusions

In the last few years the Communityé management of the milk market has very much changed. Instead of storing its surplus milk in the form of butter and skimmed milk powder the Community has tried to find a longer-term solution by creating additional markets for its milk products. This policy has been followed despite the considerable cost to the budget and the fruits of mastering the market are now being reaped.

Unit costs of creating outlets for milk products have dropped considerably on both internal and export markets while sales have been increasing considerably. Intervention stocks have been reduced to the minimum levels guaranteeing market security, which has allowed the confidence .of buyers to be restored. The Community has at the same time considerably diversified its activities and thus avoided excessive dependence on any one market.

The increase in export volumes, and even more the destination of exports, clearly demonstrates where the permanent interests of the developing countries lie, and in combination with the Community's efforts to help the poorest countries by food aid underscores the Community's natural suitability to supply the developing countries with milk products.

The deficit in animal protein,,which according to FAO forecasts will get worse between now and the year 2000, means that the Community, which already sends more than three-quarters of its milk product exports to developing countries, will in the future have a role of prime importance to play in supplying these countries, with milk products.

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3.6 BEEF

1. Trade

(a) Under the Community's regulations imports are subject to both customs duties and levies that vary with market prices.

The Community has also undertaken, under bilateral and multilateral agreements, to allow large quantities of beef to be imported annually on special terms.

Under the ACP/EEC Convention the amount of beef that can be imported duty-free and at a levy reduced by 90% has been increased to 30 000 tonnes per year expressed in boned meat. The levy is replaced by a corresponding export duty collected by the exporting ACP countries.

The Community has committed itself under GATT to open a number of annual tariff quotas:

- of animals other than those intended for slaughter: 38 000 head (18 000 autonomously) of certain mauntain breeds at 6% duty and 5 000 head of certain Almine breeds at 4% duty;
- 50 000 tonnes, expressed as boned meat, of frozen beef at 20% duty;
- 21 000 tonnes, expressed as product weight, of high quality fresh, chilled or frozen beef at 20% duty;
- 2 250 tonnes, expressed as boned meat, of frozen buffalo meat at 20% duty.

Under the trade agreement with Yugoslavia the Community has agreed that 34 800 tonnes of fresh or chilled "baby beef" may be imported annually at a reduced levy rate.

Unlimited levy-free quantities may also be imported of pure-bred breeding animals (also exempted from customs duty) and of preserved products(bound rate of 26%).

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An estimate of the Community's beef requirements is drawn up every Year. In the light of the estimate for 1981 the Community opened the following 1981 import quotas:

- 60 000 tonnes, expressed as bone-in meat, of frozen beef for processing, 30 000 tonnes at normal levy rate and 30 000 tonnes at reduced levy rate,
- 235 000 head of young male animals for fattening at reduced levy rate.

2. Trade developments

(a) Imports

1. During the last few years the EEC has imported on average around 400 000 tonnes expressed in carcase weight equivalent.

   The share of developing countries in the Community's imports of fresh, chilled and frozen beef and beef products has grown steadily. For beef the proportion was 44% in the period 1967-72 and 60% in 1973-79 and for products 40% and 47% respectively.

2. On the other hand the share of the developing countries in world beef exports has dropped from roughly 33% in 1967-73 to 28% in 1973-79.

(b) Exports

1. On average during the period 1973-79 the EEC exported roughly 200 000 tonnes carcase weight equivalent of beef (in the form of live animals, fresh, chilled and frozen meat and meat products).

   The proportion of exports going to developing countries almost doubled from 14% in 1967-1972 to roughly 26% in 1973-79.

2. The developing countries have almost tripled the proportion they account for of total world imports of beef. For beef itself the figure jumped from 6% in 1967-73 to nearly 16% in 1973-79 and for beef products from 14% to 19%.

3. Conclusions

1. The EEC has a clear trade deficit with the developing countries in both beef and beef products.

2. During the two seven-year periods under consideration the share of the developing countries in world production remained stable at around 26%, i.e., more than a quarter of total world production.

3. Development of the developing countries' beef production has thus been comparable to that for world beef producers as a whole but no doubt because of expanding populations and some degree of economic expansion their imports of beef and beef products have greatly increased and their exports, although higher in absolute figures, have fallen as a proportion of total world beef exports.

3.7. POULTRYMEAT

1. Common organization of the market

Application of the common agricultural policy in the poultrymeat sector involves a common organization of the market.

The measures came into force on 1 July 1962 and were completed in 1967 by liberalization of intra-Community trade.

The basic principles of the common organization have never been altered. They consist essentially of a two-fold protection mechanism at the Community frontier and of export refunds.

The import levy has to make up the difference between feed grain prices in the Community and on the world market. In addition to this feed grain component, calculated on the weight of the meat, there is an industrial protection component of 7% of the value of the meat.

In order to prevent abnormally low offer prices at the EEC frontier a sluice-gate price is fixed. If it is not complied with the Commission imposes supplementary import charges.

In order to allow Community producers to trade in the world market refunds are granted on exports outside the Community on the basis of the world market prices.

Within the Community prices are free and subject only to the laws of supply and demand. There is no intervention in any form.

3. Developments in the world market

Until the beginning of the Sixties the only noteworthy feature of the world market was surpluses that were often very small (1 to 3% of the production of the industrialized countries).

Since then considerable technical progress has allowed poultrymeat production to be developed in numerous countries and trade has multiplied to reach 1 115 000 tonnes in 1980.

3. EEC production, exports and imports

(a) Community production

When the common organization of the market was set up the Community of Six was producing just over 1 million tonnes of poultrymeat per year and covering roughly 90% of its requirements. The remainder - required in the FRG - was imported from the Eastern Europe, Denmark and the USA.

Total poultrymeat production in the EEC is now more than 4 millions tonnes per annum and the degree of self-sufficiency is 107%.

(b) Exports and imports

In 1980 the Community became the second world exporter of poultrymeat with 29.3% of the market, behind the USA but in front of the countries of Eastern Europe and Brazil. The main product involved is frozen chickens, of which 327 000 t were exported in 1980.

Exports of means of production (eggs for hatching and chicks) to the Middle East and Africa are developing rapidly as countries in these areas instal their own egg and chicken production facilities.

Although the Community is more than self-sufficient it imports poultrymeat from Eastern Europe (Poland, Hungary and Czechoslovakia), particularly ducks, geese and turkeys at the end of the year. In 1980 imports were 74 000 t.

4. Production and international trade in poultrymeat in developing countries

Intensive production of poultrymeat is a complex matter involving advanced technology and a very close coordination of all activities: breeding, multiplication, feed preparation, hygiene, slaughter, preservation etc. The techniques and means of production require considerable financial resources.

This explains why since 1945 production and consumtion of poultrymeat has developed primarily in the industrialized countries. In the developing countries production has remained non-industrial and been limited to domestic requirements.

Most of these countries suffer from additional disadvantages that cannot be easily overcome, namely heat and lack of water, and the equipment and technicians have to be brought from Europe of the USA.

Production is however now getting under way financed from the sale of local resources (oil, minerals, wood) or be international organizations.

Developments in trade with these countries can therefore be expected.

Where considerable financial resources have become available in the last few years (oil) there has been a rapid growth in imports from the EEC, the USA and Brazil.

Exports can be expected to continue given the protein requirements of these countries but they could be at least partly satisfied by national production. The rapid increase in exports of eggs for hatching and chicks these countries indicates the efforts that a number of them in the middle East are making.

Long-term contracts for both meat and means of production could well be considered.

Table 1

Breakdown by destination of world agricultural imports (*)

(%)

	EEC	Other developed countries	Total developed countries	Developing countries	Socialist countries
63	22,1	44,7	69,8	17,8	12,6
72	21,2	48,5	69,7	18,4	11,9
73	29,1	38,7	67,8	20,3	12
78	25,9	35,7	61,6	25,2	13,2

Table 2

Breakdown by origin of world agricultural exports (*)

(%)

	EEC	Other developed countries	Total developed countries	Developing countries	Socialist countries
63	6,4	45,5	52,3	36,9	10,8
72	7,9	48,1	55,9	33,6	10,5
73	10	46,9	56,9	33,8	20,5
78	10,6	42,6	53,3	36,8	9,9

(*) Excluding intra-Community trade.

Source: UNCTAD Handbook of statistics on international trade and on development.

Table 3

Breakdown by destination of the agricultural exports of the developing countries (*)

(%)

	EEC	Other developed countries	Total developed countries	Developing countries	Socialist countries
63	25,7	47,7	73,4	16,9	9,7
72	24,1	46,5	70,6	19,1	10,3
73	32,4	37,1	69,5	19,5	10,9
78	30,3	34,7	65	21,5	13,4

Table 4

Breakdown by origin of the agricultural imports of the developing countries (*)

(%)

	EEC	Other developed countries	Total developed countries	Develping countries	Socialist countries
63	9,8	45,8	55,6	35,5	8,9
72	12,0	45,3	57,3	34,2	8,5
73	15,3	43,6	58,9	32,6	8,6
78	17,8	41,2	59,0	31,4	9,6

(*) Excluding intra-Community trade

Source: UNCTAD: Handbook of statistics on international trade and on development

Table 5

Breakdown by origin of the EEC's agricultural imports (*)

(%)

	Other developed countries	Developing countries	Socialist countries
63	50,1	43	6,9
72	52,4	37,5	10,1
73	52,8	37,7	9,5
78	49,1	43,1	7,8

Table 6

Breakdown by destination of the EEC's agricultural exports (*)

(%)

	Other developed countries	Developing countries	Socialist countries
63	62,9	26,8	10,3
72	61,8	28,1	10,1
73	58,0	31,5	10,5
78	50,1	42,3	7,6

(*) Excluding intra-Community trade

Source: UNCTAD: Handbook of statistics on international trade and on development

EUROSTAT

Table 7

Breakdown by origin of the agricultural exports of the developing countries

(%)

	Africa	Latin America	Near East	Far East
63	24,5	39,3	3,6	32,6
72	21,9	40,8	7,6	29,7
73	21,2	40,5	5,8	32,5
78	17,1	44,0	5,0	33,9

Table 8

Breakdown by destination of the agricultural imports of the developing countries

(%)

	Africa	Latin America	Near East	Far East
63	20,2	25,2	11,3	43,3
72	19,1	25,5	12,1	43,3
73	18,5	24,1	12,2	45,2
78	21,3	21,3	18,7	38,7

Source: UNCTAD: Handbook of statistics on international trade and on development

Table 9

EEC's share in the developing countries' agricultural imports
broken down by regional destination

(%)

	Africa	Latin America	Near East	Far East
63	26,4	8,3	9,9	3
72	30,8	9,9	15,5	3,7
73	38,5	13,3	22,4	5,2
78	35,8	13,4	25,1	6,9

Table 10

EEC's share in the developing countries' agricultural exports
broken down by regional origin

(%)

	Africa	Latin America	Near East	Far East
63	42,3	26,1	22,9	12,9
72	37,5	26,3	19,3	13,6
73	48,7	33,7	35,8	19,6
78	55,1	28,7	31,5	19,5

Source: UNCTAD: Handbook of statistics on international trade and on development

Table 11

Breakdown by geographical origin of the EEC's agricultural imports from developing countries

(%)

	Africa	Latin America	Near East	Far East
63	40,4	40	3,2	16,4
72	34	44	6,2	16,5
73	31,9	42,1	6,4	19,6
78	31	41,8	5,2	21,9

Table 12

Breakdown by geographical destination of the EEC's agricultural exports to developing countries

	Africa	Latin America	Near East	Far East
63	54,2	21,2	11,4	13,3
72	49,6	21,2	15,8	13,5
73	46,2	20,9	17,7	15,1
78	42,5	15,9	26,2	15,1

Source: UNCTAD: Handbook of statistics on international trade and on development

Table 13

Classification of agricultural products (1979)

	Covered by CAP	Not covered by CAP
Products for which the developing countries are net exporters	Sugar	Coffee, Cocoa, Tea
	Cattle and beef	Rubber
	Olive oil and cotton	Vegetables oils (except olive, soya)
	Tobacco	Groundnuts and oilcake
	Certain vegetables, tomatoes	Vegetable fibres and silk
	Citrus fruit, onions	
	Cotton	
Products for which the d.p. are net importers	Livestock and meat (except cattle)	Soya oil
	Milk products	Wool (**)
	Cereals	
	Animal oils and fats	
	Wine (*)	

(*) Wine: at the beginning of the 70's, the developing countries were still net exporters of wine by value. Since the import values have exceeded export values although the guantites exported are higher.

(**) Wool: at the beginning of the 70's the developing countries were net exporters of wool

Source: FAO Trade Handbooks 1970-1979

Table 14

Breakdown of the developing countries total agricultural exports (1979)

	CAP (%)	non-CAP	(%)
Comparative advantage developing countries	21	64	85
Non comparative advantage developing countries	13	2	15
	34	66	100

Source: FAO - Trade Handbook 1979

Table 15

Breakdown of the developing countries' exports to the EEC
(EEC agricultural imports from the developing
countries 1979)

	CAP	non-CAP	(%)
Comparative advantage developing countries	17	77	94
No comparative advantage developing countries	5	1	6
	22	78	100

Source: EUROSTAT

Table 16

Breakdown of total EEC agricultural imports (1979)
Total world agricultural exports
to EEC

	CAP	non-CAP	(%)
Comparative advantage developing contries	18 (18)(*)	56 (31)	74 (49)
No comparative advantage developing countries	22 (43)	4	26 (51)
	40 (61)	60 (39)	100

Source: EUROSTAT

(*) Figures in brackets: imports from countries other than developing countries.

Table 17

Breakdown of developing countries' total agricultural imports 1979

(%)

	CAP	non-CAP	
Comparative advantage developing countries	12	21	33
No comparative advantage developing countries	60	7	67
	72	28	100

Source: FAO - Trade Handbook 1979

Table 18

Breakdown of EEC's agricultural exports to developing countries

(Developing countries' agricultural imports from EEC)

(%)

	CAP	non-CAP	
Comparative advantage developing countries	22	5	22
No comparative advantage developing countries	69	4	73
	91	9	100

Source: EUROSTAT

Table 19

Breakdown of EEC's total agricultural exports
(Total world agricultural imports from EEC)

(%)

	CAP	non-CAP	
Comparative advantage developing countries	18 13)(1)	9 (16)	27
No comparative advantage developing countries	66 (62)	7 (9)	73
	84 (75)	16 (25)	100

Source: EUROSTAT

(1) figures in brackets: exports to countries other than developing countries

Table 20

Developing countries' shore in EEC imports of various agricultural products

(%)

	Sugar	Beef	Olive oil	Tobacco	Fruit/Vegetables
63	61	35,8	45		
72	78	35,6	66,3		
73	84	58,8	41,3		
78	93	60,4	45		

Table 21

EEC's shore of world exports of some agricultural products

(%)

	Cereals	Milk powder	Sugar	Beef	Meat preserves
63	5,5	15,7	7	4,9	18
72	6,8	27,6	2	1,2	17,4
73	5,2	42,7	11	2,7	38,0
78	5,4	72,3	8	7,3	27,0

Source: EUROSTAT

Table 22

Breakdown of agricultural imports from developing countries by tariff treatment (1979)

(%)

% of agric. imports covered	OCT + OD	Mediterranean	All developing countries	Developed countries
Zero duty	97,8	24,7	59,2	51,6
Positive duty	0,1	67,8	33,5	34,3
Levy	2,1	7,5	7,3	14,1

Source: CEC, DG. VI

Table 23

Trend of unit values of agricultural impors and exports and of terms of agricultural trade

1970 = 100

	Unit value agricultural exports developing countries	Unit value agricultural imports developing countries	Terms of agricultural trade
1963	93	97	0 96
1964	97	102	0.95
1965	94	100	0.94
1966	93	99	0.94
1967	91	101	0.90
1968	92	98	0.04
1969	94	100	0.94
1970	100	100	1.
1971	101	106	0.95
1972	108	115	0.94
1973	143	153	0.93
1974	204	230	0.89
1975	201	250	0.80
1976	208	223	0.93
1977	272	227	1.20
1978	261	239	1.09

Table 24

Growth rates of production-consumption and agricultural trade
1961 - 1976

	Production	Consumption	Exports	Imports
Latin America	3,0	3,4	2,8	6,2
Africa	2,0	3,1	- 0,8	5,5
Near East	3,0	3,7	1,1	8,5
Far East	2,7	2,6	2,4	4,0
Total developing countries:	2,6	3,0	1,7	5,3

30.7.1981

1. Breakdown of world sugar imports

	Quantity ('000 t)						Percentage				
	EEC	Other developed countries	Developed countries	Developing countries	Socialist countries	World	EEC	Other developed countries	Developed countries	Developing countries	Socialist countries
1963	1.179	10.410	11.589	3.190	2.419	17.198	7	60	67	19	14
1964	1.177	9.441	10.618	3.691	2.591	16.900	7	56	63	22	15
1965	826	9.731	10.607	4.516	3.365	18.488	5	53	57	24	18
1966	801	10.361	11.162	4.491	3.153	18.806	4	55	59	24	17
1967	844	10.932	11.776	4.334	3.790	19.900	4	55	59	22	19
1968	612	11.371	11.983	4.610	3.099	19.692	3	58	61	23	16
1969	518	11.199	11.717	4.336	2.563	18.616	3	60	63	23	14
1970	522	11.744	12.266	4.057	5.128	21.451	2	55	57	19	24
1971	460	11.421	12.281	4.633	3.654	20.658	2	57	59	22	18
1972	450	12.411	12.861	4.325	3.831	21.017	2	59	61	20	18
1973	2.452	10.085	12.537	5.415	4.573	22.525	11	45	56	24	20
1974	2.368	10.919	13.287	4.725	3.533	21.545	11	51	62	22	16
1975	2.385	8.879	11.264	4.834	4.533	20.631	11	43	54	23	22
1976	2.351	9.214	11.565	4.590	5.616	21.771	11	42	53	21	26
1977	2.062	10.722	12.784	6.149	7.704	26.637	8	40	48	23	29
1978	1.849	9.051	11.051	8.001	6.378	25.430	8	36	44	31	25
1979	1.753	9.999	11.887	7.544	6.223	25.659	7	39	46	30	24

Source:

2. Breakdown of world sugar exports

	Quantity ('000 t)						Percentage				
	EEC	Other developed countries	Developed countries	Developing countries	Socialist countries	World	EEC	Other developed countries	Developed countries	Developing countries	Socialist countries
1963	722	2.430	3.152	11.921	2.407	17.480	4	14	18	63	14
1964	640	2.430	3.070	11.969	2.074	17.113	4	14	18	70	12
1965	739	2.112	2.851	13.699	2.412	18.962	4	11	15	72	13
1966	526	2.437	2.963	12.791	2.694	18.448	3	13	16	69	14
1967	392	3.087	3.479	14.553	2.023	20.055	2	15	17	72	10
1968	836	3.152	3.988	14.107	2.062	20.157	4	16	20	70	10
1969	527	3.255	3.782	13.043	2.273	19.088	3	17	20	68	12
1970	879	2.472	3.351	15.178	2.614	21.143	4	12	16	72	12
1971	947	2.687	3.634	14.707	2.310	20.651	4	13	18	71	11
1972	1.577	3.567	5.144	14.640	1.618	21.402	7	17	24	68	8
1973	1.721	3.184	4.905	15.843	1.466	22.254	8	14	22	71	7
1974	1.304	2.807	4.111	16.167	1.750	22.020	6	13	19	73	8
1975	810	3.205	4.015	15.450	926	20.391	4	16	20	76	4
1976	1.516	3.258	5.074	15.352	1.731	22.157	8	15	23	69	8
1977	2.162	4.291	7.048	19.348	1.452	27.545	10	15	25	69	5
1978	3.566	4.232	7.798	17.150	1.369	26.317	14	16	30	65	5
1979	4.334	3.405	7.739	17.983	1.148	26.870	16	13	29	67	4

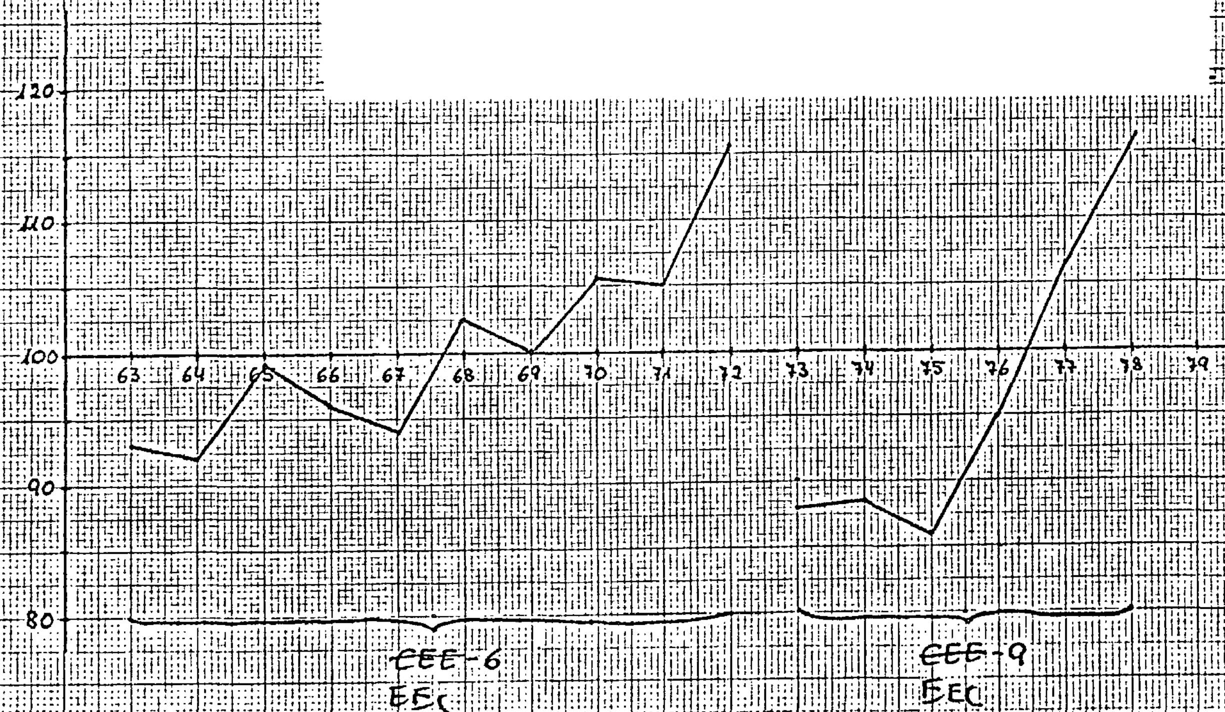
Source:

3. EEC external sugar trade

	Imports						Exports				
	Quantity ('000 t)			Percentage			Quantity ('000t)			Percentage	
	Total	Developing countries	Developed countries	Total	Developing countries	Developed countries	Total	Developing countries	Developed countries	Developing countries	Developed countries
1963	1.119	720	459		61	39	722	461	261	64	36
1964	1.177	821	356		70	30	640	445	195	69	31
1965	886	590	256		66	34	739	467	274	63	37
1966	801	594	207		74	26	526	394	132	75	25
1967	444	516	328		61	39	392	270	122	69	31
1968	612	495	117		81	19	836	255	581	30	70
1969	518	384	134		74	26	527	295	232	56	44
1970	522	423	99		81	19	874	398	476	46	55
1971	460	384	76		83	17	947	539	408	57	43
1972	450	353	97		78	22	1.577	758	819	48	52
1972	2.452	2.053	399		84	16	1.721	1.020	701	59	41
1974	2.363	1.890	478		80	20	1.304	625	679	48	52
1975	2.388	2.155	230		90	10	810	385	425	48	52
1976	2.351	1.937	414		82	18	1.816	977	839	54	56
1977	2.062	1.907	155		92	8	2.752	1.628	1.124	59	41
1978	1.550	7.760	90		95	5	3.566	2.883	683	81	19
1979	1.753	1.625	128		93	7	4.334	2.758	1.576	64	36

Source:

SUGAR EEC self-supply rate



D.G. VI-H

Trend of the principal industrial countries' agricultural imports

(in millions of dollars)

	1973		1974		1975		1976		1977		1978		1979		1980		Ø 1979/ 1973
	–	%		%		%		%		%		%		%		%	%
EEC: 9																	
Total:	29.733	100	33.382	100	29.998	100	37.285	100	43.001	100	46.038	100	55.032	100	58.622	100	100
Developing countries:	12.349	41,5	14.107	42,2	13.868	46,2	16.152	43,3	21.160	49,2	21.837	47,4	25.678	46,7	26.130	44,6	46,0
AUSTRALIA:																	
Total	645	100	932	100	678	100	859	100	1.056	100	1.092	100	1.244	100	1.404		100
Developing countries:	238	36,9	352	37,8	250	36,9	346	40,3	488	46,2	328	30,0	N.A.		N.A.		38,0 (1)
CANADA:																	
Total	2.531	100	3.316	100	3.304	100	3.734	100	3.961	100	4.059	100	4.816	100	5.204		100
Developing countries:	477	18,8	595	17,9	596	18,0	645	17,3	813	20,5	810	20,0	966	20,0	N.A.		19,1
JAPAN:																	
Total	13.507	100	16.184	100	15.045	100	17.337	100	19.030	100	21.097	100	28.515	100	28.515		100
Developing countries:	4.619	34,2	5.839	36,0	5.243	34,8	6.243	36,0	7.189	37,8	7.376	35,0	10.879	38,2	N.A.		36,2
NEW ZEALAND:																	
Total	200	100	308	100	261	100	241	100	284	100	302	100	340	100	383		100
Developing countries:	69	34,5	113	36,7	116	44,4	105	43,5	128	45,1	108	35,8	144	42,3	N.A.		40,4
U.S.A.:																	
Total:	12.039	100	13.610	100	12.338	100	15.087	100	18.205	100	22.311	100	25.240	100	25.000		100
Developing countries:	5.790	48,1	7.800	57,3	6.995	56,6	8.477	56,2	10.649	58,5	11.761	52,7	13.442	53,2	N.A.		54,6

Source: EEC - EUROSTAT/Other countries: UN statistics (SITC EEC)

(1) For Australia average 1973/1978.

D.G. VI - H

Trend of the principal industrialized countries' imports

(in millions of dollars)

	EEC 6						EEC 9								%
	1965	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1980/ 1973
EEC (extra 9) all products	28.566	30.775	39.245	45.629	51.537	58.923	103.842	156.008	155.656	178.430	195.394	227.273	298.438	375.635	+ 261,7
agricultural products	10.565	10.508	11.478	12.515	13.649	15.698	29.733	33.382	29.998	37.285	43.001	46.038	55.032	58.622	+ 97,6
agricultural products ex class 2 countries:	4.750	4.646	5.229	5.562	5.773	6.588	12.349	14.107	13.868	16.152	21.160	21.837	25.678	26.130	+ 111,6
AUSTRALIA all products	3.353	3.456	4.004	4.482	4.632	4.556	6.812	11.087	9.831	11.095	12.151	14.018	16.393	19.863	+ 191,6
agricultural products	304	292	340	366	376	409	645	932	678	859	1.056	1.092	1.244	1.404	+ 117,7
agricultural products ex class 2 countries:	125	125	142	141	146	150	238	352	250	346	488	n.a.	n.a.		
CANADA all products	7.986	10.250	13.136	13.348	15.458	18.923	23.316	32.296	33.954	37.934	39.485	41.884	52.616	57.707	+ 147,5
agricultural products	1.041	1.124	1.303	1.384	1.483	1.822	2.531	3.316	3.304	3.734	3.961	4.059	4.816	5.204	+ 105,6
agricultural products ex class 2 countries:	249	237	291	304	297	348	477	595	596	645	813	810	n.a.		

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	E.E.C. 6						E.E.C. 9								%
	1965	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1980/ 1973
JAPAN															
all products		11.664	15.025	18.883	19.712	23.471	38.313	62.094	57.840	64.799	70.809	79.343	110.672	139.892	+ 265,1
agricultural products	n.a.	4.357	5.155	6.053	6.308	7.824	13.507	16.184	15.045	17.337	19.030	21.097	28.515	28.515	+ 111,1
agricultural products ex class 2 countries:		1.562	2.012	2.433	2.403	2.383	4.619	5.839	5.243	6.243	7.189	7.376	10.879		
NEW ZEALAND															
all products	1.045	955	1.002	1.238	1.371	1.524	2.186	3.666	3.183	3.273	3.424	3.660	4.522	5.483	+ 150,8
agricultural products	102	87	89	108	115	132	200	308	261	241	284	302	340	383	+ 91,5
agricultural products ex class 2 countries:	46	33	34	51	48	53	69	113	116	105	128	n.a.	n.a.		
U.S.A.															
all products	21.366	26.816	36.052	39.963	45.563	55.563	69.476	100.997	96.904	121.795	147.862	182.196	217.462	250.280	+ 260,2
agricultural products	5.511	6.064	6.991	7.698	8.033	9.486	12.039	13.610	12.338	15.087	18.205	22.311	25.240	25.000	+ 107,7
agricultural products ex class 2 countries:	3.078	3.271	3.622	4.171	4.155	5.684	5.790	7.800	6.995	8.477	10.649	n.a.	n.a.		

Source: EUROSTAT for the EEC
UN Statistics for other countries
n.a.: not available

DG. VI - H

Agricultural exports in proportion to world trade in agricultural products

(in millions of dollars)

	1973		1974		1975		1976		1977		1978		1979		1980	
	Val.	%	Val.	%	Val.	%	Val.	%	Val.	%	Val.	%	Val.	%	Val.	%
Total world agricultural exports	99.000	100	126.000	100	129.000	100	140.000	100	157.000	100	172.500	100	216.900	100	245.400	100
EEC (extra 9)	9.400	9,4	11.700	9,3	11.600	9,0	11.800	8,4	14.000	8,9	16.000	9,3	20.900	9,6	27.179	11,1
AUSTRALIA	5.131	5,2	5.283	4,2	5.436	4,2	6.061	4,3	5.917	3,8	6.099	3,5	8.719	4,0	9.823	4,0
CANADA	5.406	5,5	5.969	4,7	5.592	4,3	6.640	4,7	7.411	4,7	8.123	4,7	10.128	4,7	11.189	4,6
JAPAN	969	0,9	1.038	0,8	891	0,7	1.024	0,7	1.063	0,7	1.314	0,7	1.486	0,7	1.858	0,8
NEW ZEALAND	2.209	2,2	1.939	1,5	1.625	1,3	2.056	1,5	2.315	1,5	2.798	1,6	3.326	1,5	3.773	1,5
U.S.A.	19.558	19,8	23.780	18,9	23.734	18,4	25.379	18,1	26.344	16,8	33.026	19,2	39.783	18,3	46.378	18,9

Source: Statistcs: EUROSTAT for the EEC and UN Statistics for other countries.