

**E U R O P E A N
C O M M U N I T Y
I N F O R M A T I O N S E R V I C E**

236 Southern Building, Washington 5, D.C.
TELEPHONE NATIONAL 8-5070

Suite 808, The Farragut Building,
Washington 6, D.C.
Telephone: 296-5131

**C O M M O N M A R K E T · E U R A T O M · C O A L & S T E E L C O M M U N I T Y
F O R P R E S S B A C K G R O U N D**

June 25, 1963

**COMMON MARKET MAKES BREAKTHROUGH ON FARM POLICY
COUNCIL OF MINISTERS MOVES TOWARD HARMONIZED GRAIN PRICES,
REDUCES POULTRY THRESHOLD PRICE SLIGHTLY**

The Council of Ministers of the European Economic Community made a limited but significant breakthrough in the development of the Community's agricultural policy at its Brussels meeting last week (June 17-21).

Despite major difficulties in reaching agreement, the ministers decided on some moves toward eventual harmonization of grain prices throughout the Community -- an essential element of the agricultural policy.

The Council also decided to reduce the threshold price applied to poultry imports from non-member countries, although the reduction was less than that recommended by the EEC Commission and desired by the United States.

There were in fact two Council meetings in June -- one of agricultural ministers and one of foreign ministers.

Foreign Ministers Had Heavy Agenda

The foreign ministers met on June 17-18. They were expected to discuss the Community's working program for the rest of 1963 -- a planned agenda submitted by the Permanent Representatives and intended to restore the momentum lost within the Community after the suspension of negotiations with Britain.

(The working program covers the decisions to be taken on such matters as the pattern of future Community contacts with Britain and a timetable for action needed in the agricultural field to enable the Community to participate fully in the forthcoming "Kennedy Round" of GATT trade negotiations. While these decisions have been accepted in principle by the six EEC governments for inclusion in the working program, other matters remain undecided, and many details have to be worked out.)

Because certain foreign ministers were unable to attend the June 17-18 meeting and were represented by deputies, discussion of the working program was postponed until the next Council meeting, scheduled for July 10-11.

At last week's Council meeting the foreign ministers did, however, empower the Commission to meet U. S. Government representatives in Geneva on June 25 to hear American complaints concerning the Community levy on poultry imports.

U. S. exports of poultry to the Community have declined sharply since the application in July 1962 of the Common Market's poultry regulations under the common agricultural policy. The U. S. Government had asked for negotiations on the basis of an agreement reached in 1962 at the close of the last GATT tariff negotiations ("Dillon Round"). This agreement states that the Community undertakes "after adoption of the agricultural policy for...poultry... to enter into negotiations with the United States on the situation of exports of these products by the U. S."

Agricultural Ministers Met a Deadline

At their June 18-21 meeting the agricultural ministers revised some grain prices and made changes in quality standards which now or in the future will have the effect of narrowing differences between grain prices in the member states.

By these decisions they met an important deadline. Under the original agreement on the common agricultural policy, reached by the six member countries in January 1962, it was decided that upper and lower limits for Community grain prices should be fixed by the Council in time for the 1963-64 selling period, which begins next week (July 1).

For soft wheat, the price range will remain the same for the 1963-64 selling period as it was in the previous year -- from \$89.43 to \$118.92 per metric ton.

For barley and rye, existing upper price limits remain unchanged, but acceptance by Germany and Luxembourg of different quality standards means a price reduction in practice in these countries.

The lower price limit for barley was raised by \$.75 and for rye by \$2. throughout the Community. The new price ranges are: \$72.17 to \$103.07 a ton for barley; \$67.71 to \$108.17 a ton for rye.

The existing lower limit of maize prices was raised to \$65.60 a ton.

The agricultural ministers also decided on the principle for fixing minimum import prices for grains imported from non-member countries.

These come into play when the importing country has no guaranteed price for its own farmers for the grain in questions -- which would otherwise automatically govern import price levels.

According to the Council's decision, import prices will be keyed to the agreed range of barley prices currently being applied in the member countries. For example, Germany will be able to set the import price for sorghum in a range of 90 to 105 per cent of her prevailing barley price. For other imported grains, the percentages vary, but the same principle of keying these grains to the barley price will be followed.

In addition, the agricultural ministers decided to reduce the threshold price applied to poultry imports by \$.015 to \$.71 per kilogram. This decision was taken on the basis of a change in the "conversion factor" (the number of kilos of poultry feed needed to produce one kilo of chicken meat). The Council dropped the old factor of 2.7 kilograms and instituted a new one of 2.6. The Commission had recommended 2.5, which would have meant an even lower threshold price.

The new reduction of the threshold price has the effect of modifying an earlier decision taken by the ministers at their May 30-31 meeting. At that time they decided to raise the supplementary levy on poultry imports into the Community by 10 pfennigs to a total of 30 pfennigs a kilo (\$.075). (This reversed a provisional decision of the Common Market Commission which had given preferential treatment to U. S. poultry exports by reducing the levy on imports from the U. S. from 20 to 15 pfennigs a kilo (\$.0375), while increasing the levy to \$.075 a kilo for imports from all other sources.) The latest action will to some extent counteract the earlier increase in the supplementary levy.

Finally, the agricultural ministers decided to abolish Community tariffs on tea and tropical timber. This concession is due to take effect on January 1, 1964, unless the Community's new association agreement with the 18 independent African countries has still not been signed by then.

Community's Contacts with Britain Still to be Decided

Earlier, the question of the future pattern of Community contacts with Great Britain was discussed at length at the Council's May 30-31 meeting.

The ministers of Germany, Netherlands, Belgium, Luxembourg and Italy urged that there should be periodic meetings between the Community countries' Permanent Representatives in Brussels and the head of the British Mission to the European Community, the recently appointed Sir Douglas Walter O'Neill.

This proposal was opposed by French Foreign Minister Maurice Couve de Murville on the grounds that it would give Britain a voice in the Community's internal discussions without the obligations of membership. M. Couve de Murville said that he was in favor of maintaining contact with Britain but that this would be done through existing channels -- principally contacts between the Common Market Commission and the British Mission in Brussels.

The Council is expected to return to this problem at its next meeting in July, scheduled for July 10-11.

The question of contacts between Britain and the Community was also raised in Paris on June 5, at the assembly of the Western European Union (WEU), the only body currently uniting the Six and Britain. Lord Privy Seal Edward Heath, in a speech to the assembly, said that the WEU Council should hold a meeting at ministerial level in the near future. French Secretary of State for Foreign Affairs Michel Habib-Deloncle stated that the French Government would not oppose a ministerial meeting in principle, providing prior agreement were reached on an agenda which did not include questions within the jurisdiction of other organizations. Most observers took this to mean that the French Government would veto any discussion on matters affecting the European Community as such.

Common Market Commission President Walter Hallstein said, during a press conference in Brussels on June 17, that he was convinced that the most effective solution would be to increase bilateral contacts between the Commission and the British Mission in Brussels. The Commission's opposition to multilateral contacts, he added, was based on the fact that it wished to emphasize that the Community was a single unit.

Whatever the outcome of the Council of Ministers' meeting in the near future, President Hallstein continued, the Commission would remain true to its "action program," which had received the full support of both the European Parliament and the Community's Economic and Social Committee. As part of this action program (for the second stage of the Common Market), the Commission had already submitted proposals on a common transport policy to the Council of Ministers, and it would soon submit proposals on harmonizing the Community countries' monetary and financial policies, he said. "In this way, the Council's difficulties will not paralyze the Community's normal business: The Council will still have to pronounce on the proposals of the Executive /the Commission/ in accordance with the Treaty rules," President Hallstein concluded.