
Brussels, June 1966
IP (66) 64PRESS RELEASECommission Reports on Cereals Situation ; Proposes no Price Revision.

Since December 1964 no events or developments have taken place in the cereals sector which were not known or foreseen at the time when the common prices were fixed. Consequently, the EEC Commission will make no proposal to the Council that the decision taken on common cereal prices at the end of 1964 should be revised.

It may therefore be assumed that these prices will be applicable, as arranged, from 1 July 1967. In 1964 the Ministers decided that before 1 July 1966 the Council would review the prices fixed, in the light of a report from the Commission, and that it would, if necessary, adapt them to developments that had taken place in the meantime, on a proposal of the Commission.

The Commission has submitted a report of some thirty pages on this subject, containing numerous statistics. The report's conclusions are as follows:

1. Production, consumption and trade with non-member countries have followed the trend observed hitherto, on which the Council's decision of 15 December 1964 was based. No significant new factors or developments have emerged. Moreover, there has not yet been time for any reaction to the decision of 15 December 1964 to become apparent. In so far as it is possible at present to forecast the size of the 1966 harvest (from the area sown), any changes that might occur in the long-term trend (reduction of area under winter cereals; heavier sowings of cereals in the spring, particularly in France) would be due to climatic conditions during the 1965/1966 sowings.
2. There has been a slight increase in the difference between the highest and lowest prices received by wheat growers (in Germany and France respectively). This increase is, however, not due to any change in policy on prices and incomes but to special circumstances in the two countries.
3. Some elements of production costs increased in 1965 compared with 1964, some showed no change, and a few fell. Wages went up in all countries. Consequently, the cost of production factors in agriculture continued to rise, as they have done for a long time, but by about the same amount as in previous years. Thus, where production costs are concerned, conditions are no different from those that were known or foreseen at the time the decision was taken. The marginal cost of cereal production has not increased.

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4. In so far as it is possible to estimate the cost of financing the common organization of markets in 1967/68, it appears that this will be about 340 million u.a., assuming that cereal prices are the same as those fixed on 15 December 1964. If cereal prices in the Community were raised on 1 July 1967, this sum would be larger even if the increase in prices did not affect production and consumption (because the rate of export refunds would be higher). If an increase in prices led to an increase in production - which is likely - this would also involve additional expenditure for refunds and/or support of home markets.

For 1967/68, total expenditure to support home markets is expected to be the same as in 1964/65 - a little over 60 million u.a. The figures for expenditure on refunds for cereal exports are:

	1000 u.a. +++)					
	1962/63	1963/64	1964/65	1965/66 ⁺	1966/67 ⁺⁺	1967/68 ⁺⁺
Total	165 181	174 322	267 125	220 722	231 023	276 690
of which						
Expenditure borne by the EAGGF	21 496	40 279	110 184	133 200	159 600	276 690
as % of total expenditure	13.0	23.1	41.2	60.3	69.1	100

+) provisional figures

++) forecasts

+++) 1 U.C. = 1 \$