



**European
Community**

PRESS RELEASE

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street Northwest, Suite 707, Washington, D.C. 20037 Telephone: (202) 872-8350
New York Office: 277 Park Avenue, New York, N.Y. 10017 Telephone: (212) 371-3804

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COMMON MARKET FARM REFORM PAYS OFF GRADUALLY

WASHINGTON -- The European Community's efforts to modernize agriculture are paying off, albeit slowly.

In its annual agricultural report, released in Brussels Wednesday, the EC Commission concluded that only heavy investment in the farm sector could speed up the 8 per cent a year rate of increase in farm labor productivity. The average Community farm size remains too small -- 31 acres -- for greater productivity improvements.

On a more positive note, the Commission noted that the number of farms in the Community continues to decline -- and at an increasingly higher rate. In the 1967-70 period, the number of farms dropped by 3.9 per cent, compared with a 1.7 per cent rate in 1960-67.

Farm Employment Drops

The Commission also noted a decline in the relative importance of agriculture in the Community's general economy. For example, agriculture's contribution to the gross national product (GNP) fell from 5.8 per cent in 1969 to 5.3 per cent in 1970. In addition, the farm population accounted for only 12.9 per cent of the total labor force in 1970, as against 13.8 per cent in the preceding year.

Farm Prices Fall

At the same time, agriculture is becoming more integrated into the total economy. In line with the general movement of the economy in 1971, the costs of farm machinery and other "agricultural inputs" rose while farm products ("outputs") fetched lower prices.

The decline in prices was partly explained by the expansion of supply, as the rate at which food consumption increased while production rose by 3.5 per cent.