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THE EUROPEAN COMMUNITY

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Information Service Washington Office: Suite 808, The Farragut Building, Washington DC, 20006 • Telephone: 296-5131, Area Code 202 • Cable: EUROCOM • Telex: WN-065

FOR IMMEDIATE RELEASE

EEC ADOPTS COMMON GRAIN PRICE

WASHINGTON, D.C., December 15 --- The Council of Ministers of the European Economic Community agreed at 5:15 a.m. today in Brussels on a common target price for grains.

The common grain price will be applied in the six member states, Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands, no later than July 1, 1967.

This agreement marks the first time that a group of states have combined their national agricultural policies under a single common-price system. It also creates the most important agricultural trading area in the world.

"This success cannot be overemphasized," EEC Commission President Walter Hallstein said, following the agreement. "It is difficult to find, throughout the history of the EEC, an event of such importance."

Commission Vice President Sicco Mansholt, whose proposals were the basis for the agreement, stated: "Thanks to the political will of all concerned, we have shown that our Community is a force necessary for the creation of Europe. There is no turning back. The great decisions on agricultural policy will henceforth be made in Brussels."

Agreement Follows Commission Proposals

The Council of Ministers accepted the basic price proposals (the Mansholt Plan) made by the Commission in November 1963. The target price for soft wheat is set at $106.25 per metric ton (2200 lbs.). The current German price -- highest in the Community -- is $118.90. The French price -- lowest in the Community -- is $100.20.

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The price set for rye is $93.75; the hard wheat price is $125. Both prices are at the level proposed in the Mansholt Plan.

Target prices for barley and corn are lower than originally proposed by the Commission. The barley target is $91.25; the price for corn is $90.63. These reductions were requested by the Italian government, which imports a large part of its feed grain supply. Italy was also authorized to lower its levy on barley and corn imports arriving by ship from non-members by $7.50 per metric ton until the 1971/72 season. The levy may be reduced an additional amount, averaging $2.50 per metric ton, through the 1969/70 season on barley and corn imports from non-members into Italy.

The Commission proposals for compensatory payments to German, Italian, and Luxembourg farmers suffering losses of farm income were adopted by the Council. These payments will be made over the three seasons 1967-1970 and will be entirely phased out by the end of the 1969/70 season. Germany is to receive $280 million, Italy $131 million and Luxembourg $2.5 million. All six member states will contribute to these compensatory payments.

Agreement was also reached on financing the Community's Agricultural Guidance and Guarantee Fund, which will provide support payments and aid toward efficient farm production.

The Council of Ministers may only change the target price levels on the basis of a Commission proposal prior to July 1, 1966. The Rome Treaty provides that after January 1, 1966 no single member state may veto the adoption of a Commission proposal. There is no provision for changing any of the other decisions made today.

Grain Price Is Key Element of Farm Policy

The adoption of the common grain price makes possible the creation of a common price for conversion farm products by July 1, 1967. Free intra-Community trade and single prices will be established for pork, poultry and eggs. The grain price level will also be vital to the price levels for dairy products, beef and veal and rice.

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The target prices set for grain and other farm products are used for calculating support and minimum import prices. For example the minimum import price for soft wheat would be $105 per metric ton according to the Mansholt Plan.

The utilization of common farm prices on July 1, 1967 will mean the full establishment of a common farm policy three years ahead of the schedule provided in the Rome Treaty.

Grain Decision Vital to Kennedy Round

The adoption of the grain price will enable the Community to negotiate on both agricultural and industrial products in the Kennedy Round of trade negotiations now in progress. The Commission proposed in November 1963 a negotiating plan for agriculture in the Kennedy Round closely tied to its price proposals. The EEC plan calls for all Kennedy Round participants to bind the amount or "margin" of support they provide for farm production.

The EEC Commission, which negotiates on behalf of the six member states, considers that the binding of the Community's support margin would be an important trade concession. It would curtail the scope of the EEC levy system in the future and would, as a result, curb the natural tendency of its output to expand. Such increased output will be due to greater productivity rather than the placing of more arable land under cultivation.

The common grain price and other farm prices to be based on it will indicate the margin of support the Community provides to its farmers. The Community proposals for agricultural negotiations in the Kennedy Round deal only with the amount of support rather than the kinds of support given. They stress the overall effect of all measures; each participant would be free to choose the methods of support it prefers.

The Community has also proposed that the Kennedy Round participants should conclude world agreements for the most important farm products in international trade. The agreements would cover products for which a permanent imbalance between supply and demand exists. The Community has suggested agreements for wheat and feed grains, beef and butter. All of these are products directly affected by today's decisions.

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