Newsletter on the Common Agricultural Policy

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The common agricultural policy: final round

The price the farmer receives for his products is an essential element in the common agricultural policy. The other instruments controlling agricultural markets are centred round the price of farm products. Without a common farm price level there can be no common agricultural policy. Of all farm prices the common cereal price is the most important, for it determines the prices fixed for the other products.

It has taken the EEC a long time to achieve a common cereal price. Failure to establish it has been blocking development of the common agricultural policy. The EEC Commission made various attempts to solve the problem by submitting proposals to the Council of Ministers, the Community's highest legislative organ.

These attempts all failed. Only recently have conflicting opinions softened, under the influence of political events. Hence, at a meeting of the six Ministers of Agriculture on 30 November and 1 December, the EEC Council was able to begin work on this matter with good prospects of success in the near future. First, however, a number of important questions had to be clarified, in difficult negotiations. The Council of Ministers has agreed upon the following provisional time-table of meetings in Brussels, which should be enough to dispose of these preliminary questions:

Ministers of Agriculture:	7,8 and 9 December;
Enlarged Council:	11 and 12 December;
Ministers of Agriculture:	14, 15 and 16 December;
Enlarged Council:	18 and 19 December.

The final round is planned for 18 and 19 December. There is thus likely to be another end-of-year session of the type that has now become usual to settle important agricultural questions, as there was around the turn of the years 1961/62, 1962/63 and 1963/64. The foundation-stone for the imminent decision on the cereal price was laid at the session that ended on 23 December 1963.

The discussions of the Council are based on "Measures to establish a common price level for cereals" (proposals submitted by the EEC Commission to the Council of Ministers on 4 November 1963), also known as the Mansholt Plan. Within the framework of this Plan the Commission also proposed to the Council that common financing of the Community's agricultural policy should be speeded up. On 22 November 1963, in its proposal for a Council Regulation supplementing the provisions of Article 5 (1) of Regulation No. 25 on the financing of the common agricultural policy, the Commission recalled that the European Agricultural Guidance and Guarantee Fund's contribution to the

expenditure chargeable should be one-sixth for 1962/63, two-sixths for 1963/64 and three-sixths for 1964/65. Article 5 of Regulation No.25 also provides that from 1 July 1965 and until the end of the transitional period the contribution of the Fund shall increase regularly so that at the conclusion of the transitional period the expenditure chargeable will be wholly financed by the Fund.

The decision on the common cereal price establishes for the main types of cereals a uniform price level which will also govern the prices of products processed from cereals and the prices for pigmeat, eggs and poultrymeat.

The EEC Commission observed in this proposal that, under these circumstances, it seemed advisable to provide that the EAGGF should also bear the full cost of applying Article 3 (1 a, b and c) of Regulation No. 25 to cereals, pigmeat, eggs and poultrymeat.

For the first time, the draft budget of the Communities for the financial year 1965 includes items under the EAGGF, resulting from expenditure in the first two years, 1962/63 and 1963/64. The member countries must now pay their appointed contributions into the common fund.

The draft budget provides for a total expenditure of approximately $163 million in 1965, of which nearly $158 million are allocated for the EEC Commission. The remaining $5.2 million are for the other institutions: $2.3 million for the European Parliament, $ 2.5 million for the Council and $400 000 for the Court of Justice of the European Communities (round figures).

Whilst the draft budgets of the other institutions of the Community have increased only slightly compared with 1964, the EEC Commission's expenditure is expected to rise from $57 million in 1964 to nearly $158 million in 1965, because, as we have said, expenditure for the EAGGF appears in the budget for the first time. Provision is made for the Fund to spend approximately $103 million in 1965, allocated as follows:

European Agricultural Guidance and Guarantee Fund
(u.a. = units of account = $)

I. Guarantee Section

A) Refunds for exports to non-member countries

	1965 budget estimates (Credits)
Cereals	58 822 000 u.a.
Milk and milk products	-
Pigmeat	4 358 000 u.a.
Eggs	1 066 000 u.a.
Poultrymeat	742 000 u.a.
Beef and veal	-
Rice	-
Total	64 988 000 u.a.

carried forward: 64 988 000 u.a.

B) Intervention on the home market

Intervention on the cereal market via refunds	7 243 000	
Other intervention on the home market	4 791 000	
Total		12 034 000 u.a.
Total Guarantee Section		77 022 000 u.a.

The sums necessary for the financial year 1965 comprise the Fund's expenditure under Article 3 of Regulation No. 25 for 1962/63 and 1963/64, divided as follows:

Refunds for exports to non-member countries

	1962/63	1963/64
	units of account	
Cereals	21 305 000	37 517 000
Milk and milk products	-	-
Pigmeat	56 000	4 302 000
Eggs	380 000	686 000
Poultrymeat	237 000	505 000
Beef and veal	-	-
Rice	-	-

Intervention on the home market

Intervention on the cereal market via refunds	3 284 000	3 959 000
Other intervention on the home market	1 908 000	2 883 000

II. Guidance Section

	1965 Budget estimate (Credits)
Measures taken under the Guidance Section	25 674 000 u.a.
EAGGF as a whole	102 696 000 u.a.

Sums available for the Guidance Section:

	1962/63	1963/64
	units of account	
Measures taken under the Guidance Section	9 057 000	16 617 000

Under Article 5(2) of Regulation No. 25, the expenditure of the Guidance Section is a third of that of the Guarantee Section.

Under Article 7 of Regulation No. 25 the revenue of the Fund is made up in the following way:

(a) For 1962/63, 100% from contributions by the Member States according to the scale laid down in Article 200(1) of the Treaty;

(b) For 1963/64, 90% according to the scale in the Treaty, and 10% in proportion to the net imports of each Member State from countries outside the Community.

So calculated, Member States' contributions for these two years are as follows:

	1962/63		1963/64	
	%	Contributions in u.a.	%	Contributions in u.a.
Belgium	7.9	2 861 933	8.2	5 450 458
Germany	28	10 143 560	29	19 276 010
France	28	10 143 560	25.5	16 949 595
Italy	28	10 143 560	28	18 611 320
Luxembourg	0.2	72 454	0.2	132 938
Netherlands	7.9	2 861 933	9.1	6 048 679
	100	36 227 000	100	66 469 000

Thus far the Community's draft budget for 1965.

It will be seen that the EEC Commission had already arranged for the finance problems to be discussed in conjunction with the Mansholt Plan. It is now evident that one result of the Mansholt Plan will be an increase in the French cereal price following the establishment of a common cereal price for the Community.

When the available EAGGF funds are distributed among the Member States, one large country can at present receive 85% of the total sum. It is feared that, if the cereal price is raised, claims will be even greater. Another Member State has therefore proposed to the Council of Ministers that the EAGGF should be reviewed in order to see whether a better balance cannot be achieved between its revenue and expenditure.

In the first two years of the Fund's activity, most of its expenditure has actually been in connection with cereals. This picture should not, however, be representative for the future. In the coming year (1964/65) cereals will be joined by milk and milk products, rice, beef and veal, and ultimately olive oil (8 million u.a.), and this will automatically bring about a much better balance.

Many other aspects may be dealt with by the Council of Ministers when discussing the functioning of the Fund, but past experience would seem to indicate that the greatest emphasis will be placed on the problem of equilibrium.

Another question has been raised by a certain Member State which will have to lower its cereal prices and is asking for compensation to be paid to its farmers out of the common fund.

Price difference between wheat and feed grain

In addition to level and date of application of the common cereal price, there will also be discussions on fixing the price ratio between wheat other than durum and the various types of feed grain. The wishes and views of Member States diverge widely on this point.

Further questions

The package of problems to be dealt with by the Ministers during the last weeks of this year is complicated by a number of other wishes expressed by some of the Member States. These concern fruit and vegetable policy and the harmonization of transport and fiscal policies. At the coming session of the Council further steps will be taken towards full establishment of the common agricultural market, and, from the progress of the common agricultural policy, progress in other fields will follow.

Food legislation in the Europe of tomorrow

The work done by the European Economic Community to harmonize food laws and the outlook in this field

1. Work on the harmonization of food laws and regulations in Member States began early in 1960 with the first meeting of the Working Party on the approximation of legislation on foodstuffs. Since then, the working party and its various sub-groups have drafted a series of directives, of which the following have been approved by the Council:

   (a) Approximation of the regulations of Member States concerning colouring materials which may be used in food products intended for human consumption (23 October 1962);

   (b) Approximation of the laws of Member States concerning preservatives which may be used in food (5 November 1963).

   In addition, the following proposed directives were submitted by the Commission to the Council:

   (a) Approximation of the regulations of Member States concerning cocoa and chocolate (23 July 1963);

   (b) Health requirements for trade in meat products (20 December 1963);

   (c) Directive amending the Council directive on approximation of the regulations of Member States concerning colouring materials which may be used in food products intended for human consumption (3 August 1964);

   (d) Approximation of the regulations of Member States concerning anti-oxygen agents authorized for use in foodstuffs (3 August 1964);

   (e) Establishment of purity standards for preservatives which may be used in food (17 September 1964).

   It will be noticed that most progress has been made in the matter of additives. However, draft directives have been established or are being prepared on other matters, particularly fruit and vegetable processing; a directive on marmalades, fruit jellies and preserved fruits is to be submitted to the Council by the Commission before the end of the year.

   In 1964 work was done on harmonization in the following fields:

   (a) Macaroni, spaghetti, etc., and flour preparations;

   (b) Food extracts and similar products;

(c) Dairy produce (particularly butter);

(d) Oils and fats;

(e) Fruit juices;

(f) Non-alcoholic beverages.

In a more general context, work was done on a draft directive concerning prepared foodstuffs, and in October the sub-group on questions relating to the labelling and packaging of foodstuffs met for the first time.

Next year, we intend to work in other fields, viz.:

(a) Emulsifying and stabilizing agents;

(b) Packaging material;

(c) Sugars (dextrose, glucose);

(d) Wines (definitions, methods of treatment and analysis);

(e) Coffee powder.

2. It would perhaps be useful at this point to recall briefly how a directive on harmonization comes into existence.

First of all, a working document is drawn up by the staff of the Directorate-General for Agriculture or submitted by the European organization of the branch of trade concerned; next, the appropriate Working Party and sub-group(s), composed of Government experts working under the Commission, draw up a draft directive. If scientific problems are involved, they are referred to a scientific committee of well-known experts proposed by the Member States but brought in as private individuals.

The draft directive is then referred to the Union of Industries of the European Community (UNICE) and the consumers' associations (EEC Consumers' Contact Committee). Their opinions are gone over with the Government experts, which may result in changes to the draft.

Once approved by the other Directorates-General concerned, the draft is laid before the Commission and, if accepted, submitted to the Council as a proposed directive.

The Council first decides whether to seek the opinions of Parliament and the Economic and Social Committee. The legal necessity for doing so varies according to whether the proposal is based on Article 43 or Article 100 of the Treaty, and whether acceptance would imply changes to a law in at least one Member State.

In addition, the proposal is further examined by a group of experts convened by the Council, by the Committee of Permanent Representatives, and also, in certain cases, by the Special Committee for Agriculture.

The final stages in this long process are official adoption by the Council, notification to Member States, and publication in the official gazette of the Communities.

3. When one looks at what has been achieved so far and what is planned for the future, it is easy to criticize the working method adopted by the EEC Commission in agreement with the Member State delegations as being too pragmatic.

It can be further argued that the sectors so far dealt with form only a small part of the domain of food legislation, and above all that the major problems and general principles of food legislation have been left untouched.

This view is held by the Parliament, the Economic and Social Committee, and the Consumers' Contact Committee.

However, the following rejoinders may be made:

(a) In view of the complexity of harmonization and the extremely small staff responsible for carrying it out, the present rate of progress must be considered highly satisfactory.

(b) The task of harmonizing regulations which frequently diverge considerably would be further complicated by adopting a more doctrinaire working method, consisting in defining certain general concepts such as "foodstuffs" or "additives" and then issuing rules for each product or group of products. This would not allow for the fact that the general principles in national legislation must necessarily have evolved from a body of previously existing standards.

We believe that one day it will be necessary to devise some sort of "Community food law". But this is the ultimate objective rather than the immediate concern of harmonization.

(c) The working method which we have chosen, viz. the simultaneous drafting of directives of a general nature (such as those on additives and prepared foodstuffs, and the forthcoming one on labelling), and on specific products (such as cocoa and chocolate), has made it possible to use the experience gained in one field in the other and vice versa.

4. One question often put to us concerns the application of the "prohibition principle" and the "abuse principle". We can only repeat what has already been said on the subject (Steiger, "Erfahrungen bei der Angleichung des Rechtes der Ernährungswirtschaft im Rahmen der EWG" (Lessons learned in approximating legislation in the EEC food industry) - Schriftenreihe des Bundes für Lebensmittelkunde, Heft 50, pp. 60 sqq.), viz.:

   (a) The legislative technique based on Article 100 of the Treaty does not necessarily lead to application of the "prohibition principle".

   (b) It is true, however, that this principle has been applied in directives concerning additives. But the "abuse principle" has also already been applied, e.g. in many provisions of the proposed directive on cocoa and chocolate.

5. Another particularly important question is that of standardizing methods of analysis and co-ordinating the control services provided by Member States. The need for this cannot be questioned, but it is a very difficult undertaking, especially where the co-ordination of control services is concerned, and ought not to be embarked on until more progress has been made in harmonizing food regulations proper.

   The recent discussions in Vienna under the auspices of the OIVV (Office Internationale de la Vigne et du Vin), on a centre for co-ordinating measures against fraudulent practices in connection with wine, showed once more how difficult such co-ordination is.

6. A final query raised on several occasions concerns the effect of harmonization on the quality of foodstuffs. It is perhaps too early to judge, but the tendency is decidedly towards an improvement in average quality.

   Naturally, there is no question of giving a precise definition of quality, which is a many-sided and at the same time a relative concept. Furthermore, the problems confronting the experts entrusted with the harmonization of food regulations are not confined exclusively to the quality of products, but also concern public health and the economy.

7. In conclusion, we should like to point out that regulations are not sufficient in themselves. In some cases it might be wondered whether it is really necessary to provide for statutory standards, or whether we would not do better to limit ourselves to drawing up specifications for a sort of "Classified List of Foodstuffs".

   On the other hand, we feel that even statutory standards cannot be effectively enforced unless the circles concerned are methodically "educated".

   Provision of such education is the responsibility of schools in general, and of the universities in particular.