

Newsletter on the Common Agricultural Policy

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1. The decisions by the Council of Ministers on 15 December 1964 on common cereal prices for the EEC
2. Tables showing the derived intervention prices for cereals in the six Member States.

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The common cereals price gives grounds for further optimism

A carefully weighed decision of the Council of Ministers

15 December 1964:

The common agricultural policy is settled

The agreement reached by the EEC Council of Ministers on 15 December 1964 on common cereal prices for the Community goes far beyond a mere alignment of prices: it means that from 1 July 1967 the European Economic Community will have a common agricultural policy. On that date the following basic target prices per metric ton for cereals at the wholesale stage will come into force for all farmers in the six Member States:

	<u>Germany (FR)</u>	<u>Belgium</u>
Wheat other than durum	DM 425.00	Bfrs. 5 315
Barley	DM 365.00	Bfrs. 4 560
Rye	DM 375.00	Bfrs. 4 690
(Maize)	DM 362.50	Bfrs. 4 430)
	<u>France</u>	<u>Italy</u>
Wheat other than durum	FF 525.5	Lit. 66 300
<u>Durum:</u>		
Minimum guaranteed price to the producer	FF 713.0	Lit. 90 480
Basic target price	FF 615.0	
Maize	FF 445.8	Lit. 55 556.80
Barley	FF 449.0	Lit. 55 940
(Rye)	FF 461.0)	
	<u>Netherlands</u>	<u>Luxembourg</u>
Wheat other than durum	F1. 384.63	Lfrs. 5 315
Barley	F1. 330.33	Lfrs. 4 560
Rye	F1. 339.38	Lfrs. 4 690
(Maize)	F1. 328.06	Lfrs. 4 430)

For the whole Community there will be a minimum intervention price for maize of DM 308 per metric ton.

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The Council decision of 15 December 1964

It looked at the beginning of the "marathon" as if meetings would go on until the end of December, but agreement was actually reached very soon. At least two of the Government delegations realized that they had to change their attitude in order to enable the Council of Ministers to come to a quick decision. After important domestic problems of a political nature had been solved, the readiness of these countries to modify their views paved the way for the more rapid establishment of the common market for agriculture. This was, however, only possible because all Member States were willing to make some sacrifices for the sake of Europe.

In the last three years much has been heard of the disadvantages that particular States would experience if common cereal prices were adopted. Attention was drawn especially to the undesirable domestic consequences in Member States where cereal prices would have to be reduced. Perhaps these consequences were somewhat exaggerated. The negotiations in fact showed that the countries in which cereal prices will be raised on 1 July 1967 may also suffer disadvantages, owing to repercussions on their economy as a whole.

If this session of the Council was to result in a common market for agriculture, a common outlook had to prevail over national modes of thought to a greater extent than in any previous negotiations. The common agricultural policy is not the sum of six national agricultural policies, nor can it be based on the agricultural and farm price policy of only one Member State. It must be a completely new creation. In spite of this, the Council could not avoid taking into consideration some particularly grave drawbacks for certain Member States, in order to make the transition to the common market for agriculture a smooth one for these States.

For quite a long time during the negotiations there was great anxiety lest they might only result in a very broad compromise which would include things that really had no place in a decision on cereal prices. This danger was avoided, for all the delegations voluntarily limited the field of discussion to the cereal prices proper and the financial advantages and financial burdens directly connected with them.

Without attempting to assess the net advantage or disadvantage resulting from the negotiations for any individual Member State, we may say that the German delegation was successful in urging that the common cereal prices should come into effect on 1 July 1967, the date by which the common market for industrial goods will probably be complete. The other delegations agreed to this date for introduction of the prices, although it is one year later than that originally envisaged.

The German delegation had proposed that the price of wheat other than durum should be lowered only to DM 440 per metric ton. But no other delegation was prepared to countenance compensatory payments to the German farmers on this scale.

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While accepting the price of DM 425 proposed under the Mansholt Plan, the German delegation was able to achieve the following results:

1. In the interest of the German Federal Republic and also of the Common Market, the prices of wheat and of feed-grains will be closely related;
2. Special arrangements will be made for rye and brewer's barley. This provision will also benefit other Member States, particularly Belgium;
3. Compensatory payments to German agriculture for the period 1967-1970 will amount to DM 1 121 million, to which the other Member States will contribute;
4. The other Member States agreed that national compensation to farmers affected by the reduction of cereal prices should come within the scope of the EEC Treaty's provisions regarding competition;
5. The Council gave a binding undertaking on the reduction of transport subsidies for farm produce;
6. A revision clause was adopted, which is effective even though framed in general terms and under which the fixed target prices may, on a proposal of the Commission, be adapted to any intervening developments.

Since over 35% of the national product of Germany comes from foreign trade, a cereal price at the level suggested in the Mansholt Plan can only be welcomed there, generally speaking, since it will help to prevent the EEC from becoming economically autarkic.

When the negotiations began, the Italian Government was in the most difficult position of all the member Governments. The problems on the agenda were not really those of the greatest importance for this country's agriculture and economy. Italy's expectations from the common market for agriculture are centred elsewhere, that is, in crop products other than cereals - fruit, vegetables, oil-seeds and oleaginous fruits, forage plants and tobacco - which provided about 63% of the income of Italian farmers in 1959-61. Italy nevertheless took an active part in working out the Council's decisions. In connection with cereal price policy, the problem of agricultural financing was one of Italy's main preoccupations.

In a resolution the EEC Council of Ministers agreed that the Community's present financial responsibility for cereals, pigmeat, eggs, poultry, milk and milk products, beef and veal, rice, and vegetable oils and fats should, "in a spirit of solidarity", be extended to fruit and vegetables from 1 January 1966, to durum wheat from 1 July 1967, and to tobacco as soon as possible.

The same resolution arranges for Italy to have a more equitable share in contributions to and aid from the European Agricultural Guidance and Guarantee Fund (EAGGF). The Italian contribution to the Fund, which under the present scale amounts to 28%, will be limited to

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a ceiling of 18% for 1965/66 and 22% for 1966/67.

The capacity of Italian ports is inadequate. Ships carrying cereals must often expect a long wait before being unloaded. The demurrage is a considerable expense.

In addition, unloading charges are higher than in the other large ports of the Community. If these much higher costs were left out of account, the prices for imported cereals (barley and maize) in Italian ports would be higher than in the deficit area of North-West Europe, taking Rotterdam as basis of comparison.

Since meat production and dairying in Italy are particularly dependent on low feed-grain prices resulting from imports of cereals, the Council has agreed that the levy on barley and maize imported by sea into Italy from non-member countries may be decreased by DM 30 per metric ton until the end of the 1971/72 marketing year. In addition, the levy may be decreased by a further

DM 12.5 per metric ton during the 1967/68 marketing year,
DM 10 per metric ton during the 1968/69 marketing year,
DM 10 per metric ton during the 1969/70 marketing year.

All these reductions are made on condition that a subsidy of an equal amount is granted in respect of imports from Member States. This degressive system is intended to help Italian agriculture to adjust its prices.

A special resolution deals with the common price for durum wheat. This is cultivated in Southern Italy, an area that needs special support from the Community. Just as an exception was made for the German Federal Republic in the case of rye, since rye is no longer used to make bread in the other Member States, so the South Italian growers of durum wheat will receive aid guaranteeing them a minimum price of DM 580 per metric ton, even when the wholesale target price is less. This provision will also benefit French growers to some extent.

Finally, the other five Member States recognized the unfavourable agricultural structure of Italy, and agreed that careful consideration should be given to this in granting aid under the guidance section of the EAGGF.

Compared with the provisions for these two Member States, the special arrangements for the other countries look modest. More important for Belgium and the Netherlands than all the other decisions is the prospect of having a free market for cereals from 1 July 1967, and also a free market for all livestock products based on cereals, i.e. live and slaughtered pigs, eggs and poultry.

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For France it was important that by this decision equilibrium was established between the progress of liberalization in the industrial market and in the agricultural market. France is equally interested in all the agricultural products scheduled for liberalization. It therefore also benefits from a number of special arrangements which other Member States had demanded for themselves but which are applicable to all Member States, such as the arrangements for brewer's barley and the system envisaged for fruit and vegetables.

The member countries are also willing to do more to help to improve the agricultural structure of Luxembourg. In addition, Luxembourg has been granted larger sums to compensate its farmers for losses caused by the reduction of cereal prices. It is gratifying that the number of exceptions could be kept so low; they were limited to the quite unavoidable cases. However, the EEC Commission had always stressed that a common level of farm prices need not necessarily mean exactly the same prices for products in all parts of the Community at all times. The markets of the different regions vary too greatly for that.

At its session of 15 December 1964 the Council achieved a careful balance between its different decisions. A good foundation has thus been laid, not only for further progress in the common market for agriculture but also for the Common Market as a whole.

Consolidating the decisions of 15 December 1964

The fixing of common cereal prices is not in itself enough. Uniform principles must govern their application in all the member countries.

The Council of Ministers' decisions of 15 December need to be consolidated. For this reason the Council adopted a number of resolutions. One of these concerns "the regionalization of cereal prices". A single market for cereals throughout the EEC will be created for the marketing year 1967/68, based on uniform prices. Implementation of the measures necessary for this must be guaranteed. Therefore the Council of Ministers laid down strict criteria to be applied by individual Member States when designating their marketing centres, places of intervention and trading areas.

Another resolution specifies the denomination of cereal prices in units of account (gold dollars). This is intended to ensure that once decisions on prices are taken by the Council of Ministers they shall be sacrosanct, that is, they will not be affected by alterations in the exchange rates of particular Member States.

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The common agricultural policy - future tasks

The Community will only be able to fulfill the tasks assigned to it under the common agricultural policy if it has an adequate income of its own.

For this reason, priority must be given to the financing of the policy. Some Member States think it important that the burden of cost should be evenly shared between the Six countries. The principle of common financial responsibility must not, however, be undermined. The Member States have agreed in principle that in future all levies shall be paid into the European Agricultural Guidance and Guarantee Fund, and that the total cost of the common agricultural policy shall be met out of the Fund.

The decision that the Council will take before 1 July 1965 on the financing of the common agricultural policy after the end of the transitional period is as important as the decision that has just been reached on the cereal price. There are also a number of other tasks awaiting the Community:

- (i) Adoption of the common market organization for sugar;
- (ii) Adoption of the common market organization for vegetable oils and fats;
- (iii) Fixing of a common target price for milk;
- (iv) Fixing of a common guide price for cattle;
- (v) Adoption of uniform prices for rice and for vegetable oils and fats;
- (vi) Adoption of a regulation laying down supplementary provisions for the organization of the market in fruit and vegetables;
- (vii) Adoption of a regulation establishing in the EEC an information service on farm incomes and conduct of business;
- (viii) Completion of the common market organization for wine.

Correction: In the table of sugar-beet prices on page 9 of our Bulletin No. 26 of December 1964, the unit for the sugar prices was wrongly stated; this figure should be 100 kg, not 50 kg. In the same table, the prices given for France for 1963 also hold good for 1964; the table can therefore be completed accordingly, and footnote (1) can be cancelled.

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Derived intervention prices [⌘]

Marketing centre	Wheat other	Rye	Barley	Durum	Wheat other	Rye	Barley	Durum
	than durum				than durum			
	National currency per metric ton				DM per metric ton			
<u>GERMANY</u>								
Kiel	388.22	343.22	338.17	-	388.22	343.22	338.17	-
Hamburg	393.25	348.25	338.17	-	393.25	348.25	338.17	-
Bremen	393.25	348.25	338.17	-	393.25	348.25	338.17	-
Hanover	387.80	342.80	332.80	-	387.80	342.80	332.80	-
Kassel	384.96	339.96	329.88	-	384.96	339.96	329.88	-
Aulendorf	378.42	333.42	-	-	378.42	333.42	-	-
Bamberg	392.43	347.43	337.43	-	392.43	347.43	337.43	-
Schwabach	-	-	325.52	-	-	-	325.52	-
Regensburg	381.08	336.08	329.73	-	381.08	336.08	329.73	-
Passau	381.08	336.08	329.73	-	381.08	336.08	329.73	-
Stuttgart	393.20	348.20	<u>340.00</u>	-	393.20	348.20	<u>340.00</u>	-
Mannheim	<u>395.00</u>	<u>350.00</u>	<u>340.00</u>	-	<u>395.00</u>	<u>350.00</u>	<u>340.00</u>	-

⌘ The basic intervention prices are those valid for Duisburg, Germany

Marketing centre	Wheat other	Rye	Barley	Durum	Wheat other	Rye	Barley	Durum
	than durum				than durum			
	National currency per metric ton				Dm per metric ton			
<u>NETHERLANDS</u>								
Rotterdam	355.23	314.50	305.45	-	392.50	347.50	337.50	-
<u>BELGIUM</u>								
Antwerp	4 878.0	4 344.0	4 190.0	-	390.24	347.50	335.24	-
Liège	4 863.0	-	4 175.0	-	389.04	-	334.04	-
<u>LUXEMBOURG</u>								
Mersch	4 686.0	4 123.0	4 233	-	374.88	329.84	338.60	-
<u>FRANCE</u>								
Compiègne	470.13	-	402.25	-	380.90	-	325.90	-
Chartres	454.75	-	386.87	-	368.44	-	313.44	-
Rouen	470.35	-	406.98	-	381.08	-	329.73	-
La Pallice	470.35	-	406.98	-	381.08	-	329.73	-
Poitiers	454.02	-	388.03	-	367.85	-	314.38	-
Tours	453.49	-	386.49	-	367.42	-	313.13	-
Châteauroux	454.75	-	379.39	-	368.44	-	307.38	-
Marseilles	<u>487.54</u>	-	<u>419.65</u>	<u>580.11</u>	<u>395.00</u>	-	<u>340.00</u>	<u>470.00</u>
Toulouse	468.13	-	391.28	566.57	379.28	-	317.01	459.04
Orleans	-	393.04	-	-	-	318.44	-	-

Marketing centre	Wheat other than durum	Rye	Barley	Durum	Wheat other than durum	Rye	Barley	Durum
	National currency per metric ton				DM per metric ton			
<u>ITALY</u>								
Reggio Calabria	<u>61 719</u>	-	-	-	<u>395.00</u>	-	-	-
Palermo	<u>61 719</u>	-	-	68 898	<u>395.00</u>	-	-	440.95
Cagliari	<u>61 719</u>	-	-	-	<u>395.00</u>	-	-	-
Bologna	59 420	-	-	-	380.29	-	-	-
Ancona	60 233	-	-	-	385.49	-	-	-
Genoa	60.094	-	52 032	<u>73 438</u>	384.60	-	333.00	<u>470.00</u>
Rome	<u>61 719</u>	-	-	-	<u>395.00</u>	-	-	-
Grosseto	60 902	-	52 032	-	389.77	-	333.00	-
Florence	60 327	-	-	-	386.09	-	-	-
Naples	<u>61 719</u>	-	-	-	<u>395.00</u>	-	-	-
Foggia	<u>61 719</u>	-	52 032	-	<u>395.00</u>	-	333.00	-
Bari	<u>61 719</u>	-	-	-	<u>395.00</u>	-	-	-

Derived intervention prices
in units of account (= dollars)
per metric ton

Marketing centre	Wheat other than durum	Rye	Barley	Durum
Kiel	97.06	85.81	84.54	-
Hamburg	98.31	87.06	84.54	-
Bremen	98.31	87.06	84.54	-
Hanover	96.95	85.70	83.20	-
Kassel	96.24	84.99	82.47	-
Aulendorf	94.61	83.36	-	-
Bamberg	98.11	86.86	84.36	-
Schwabach	-	-	81.38	-
Regensburg	95.27	84.02	82.43	-
Passau	95.27	84.02	82.43	-
Stuttgart	98.30	87.05	85.00	-
Mannheim	98.75	87.50	85.00	-
Rotterdam	98.13	86.88	84.38	-
Antwerp	97.56	86.88	83.81	-
Liège	97.26	-	83.51	-
Mersch	93.72	82.46	84.65	-
Compiègne	95.23	-	81.48	-
Chartres	92.11	-	78.36	-
Rouen	95.27	-	82.43	-
La Pallice	95.27	-	82.43	-
Poitiers	91.96	-	78.60	-
Tours	91.86	-	78.28	-
Châteauroux	92.11	-	76.85	-

Marketing centre	Wheat other than durum	Rye	Barley	Durum
Marseilles	98.75	-	85.00	117.50
Toulouse	94.82	-	79.25	114.76
Orleans	-	79.61	-	-
Reggio Calabria	98.75	-	-	-
Palermo	98.75	-	-	110.24
Cagliari	98.75	-	-	-
Bologna	95.07	-	-	-
Ancona	96.37	-	-	-
Genoa	96.15	-	83.25	117.50
Rome	98.75	-	-	-
Grosseto	97.44	-	83.25	-
Florence	96.52	-	-	-
Naples	98.75	-	-	-
Foggia	98.75	-	83.25	-
Bari	98.75	-	-	-

Threshold prices per metric ton - Rotterdam, 1 July 1967:

Wheat other than durum	F1. 378	DM 415.80
Barley	F1. 322	DM 354.20
Maize	F1. 320	DM 352.00
Rye	F1. 331	DM 364.10

These threshold prices for Rotterdam are derived from the basic target price in Duisburg and are not yet official. They are based on provisional figures.

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