European Communities – Joint Information Service

Newsletter on the Common Agricultural Policy

Weekly No. 42 November 1965

Trade in farm products between the EEC and non-member countries

Published by the Division for Agricultural Information in collaboration with the Directorate General for Agriculture of the EEC Commission – 12, Avenue de Broqueville, Brussels 15

In the implementation of the common agricultural market, stress has undeniably been laid on the development of intra-Community trade in farm products. From the start, however, the Community has also paid attention to relations with non-member countries.

Article 110 of the EEC Treaty obliges the Community not to neglect its trade relations with non-member countries. This stipulation has been repeated in every regulation concerning individual products.

In 1963 world exports amounted to a total of $143 000 million. Of this, just $42 000 million, i.e. about 30%, was accounted for by farm products, including basic commodities. Income from agricultural exports is practically the only source of foreign exchange for quite a number of countries.

Developing countries

The Six are by far the largest market for the developing countries, buying from them ten times as much as the USSR, twice as much as Great Britain, and far more than the United States. Community trade in farm products with all countries has unmistakably increased; but the growth rate for purchases from the developing countries lags behind that for purchases from the industrialized countries. This is undoubtedly because output of farm products is rising faster than consumption not only inside the Community but in most of the industrialized countries outside it as well. These countries must dispose of their surpluses on the world market - in many cases with the help of export support measures. In this way they compete with the purely agricultural exporting countries.

However, with regard to the agricultural market of the six EEC countries, the decisive point is probably that the developing countries in general are not suppliers of such traditional farm products as cereals, pigmeat, eggs or poultry, but of tropical products. In this connection the South American countries, particularly Argentina and Uruguay, come off fairly well, since they export temperate-zone products in addition to tropical products.

A special place among the developing countries is occupied by the African and other Associated States, whose trade in farm products with the EEC is governed by an association treaty.

Industrial countries

The roughly equal level of economic and commercial development in the industrialized states doubtless favours trade between the EEC and this group. Clear evidence of this can be seen in the vigorous economic expansion of the six member countries through the gradual implementation of the Common Market, which has led to increased trade with all western countries.

Among industrial countries the United States has derived the greatest advantage from this trend. It is particularly well placed to meet the Community's requirements for a whole range of goods which are in short supply in the EEC and for which the demand is consequently heavy. The EEC's second most important supplier is the EFTA.

State-trading countries

Leaving out of account the associated country of Yugoslavia, business between the members of OECD and the state-trading countries of the Eastern bloc showed an overall increase of no less than 81% between 1958 and 1964. The leaders in this are the EEC member countries, which, in absolute terms, stepped up their trade by as much as 95%. The crucial question in dealings between East and West is foreign exchange. Whenever the state-trading countries can obtain hard currency for their farm products, trade in industrial products also increased. Fears were entertained that the EEC agricultural market organizations, being based on liberalization, would have adverse consequences for the state-trading countries. Happily, this has not proved to be the case. Despite the absence of cereal imports from the Eastern bloc following some bad harvests, farm imports from these countries have not fallen but risen since the establishment of regulated agricultural markets in the EEC.

Summary

In round figures, total imports of farm products from non-member countries, including tropical products and basic commodities, rose from $7 300 million in 1958 to $9 400 million in 1963, i.e. by 28.5%. In 1964 they amounted to $10 100 million.

Broken down by regions, farm imports from the industrial countries rose by 39.2%, from the developing countries by 14%, and from the state-trading countries by 87.2%. Imports of farm products regulated by a common market organization have grown as follows: imports from all non-member countries rose from $2 100 million in 1958 to $2 500 million in 1963 - an increase of 20%. In 1964 they amounted to $2 700 million.

With these products too, growth rates for imports from the various parts of the world differed. While imports from the industrial countries rose by 30% (from the United States by as much as 140%), those from the developing countries went up only 5%. From the state-trading countries the increase was 45%.

EEC imports of agricultural products regulated by common market organizations

($ million)

	1958	1961	1962	1963	1964
From Community countries	635	985	1 096	1 271	1 471
From non-member countries	2 054	2 240	2 560	2 509	2 722
Industrial countries	1 037	1 320	1 419	1 459	1 585
EFTA	350	337	356	413	406
USA	253	492	549	544	620
Developing countries	884	705	946	828	942
Associated countries	380	295	319	206	225
Latin America	233	211	357	347	470
State-trading countries	132	215	194	220	192

EEC imports of agricultural products

($ million)

	1958	1959	1960	1961	1962	1963	1964
From Community countries	1 246	1 546	1 785	1 967	2 221	2 489	2 821
From non-member countries	7 356	7 379	8 261	8 251	8 908	9 438	10 149
Industrial countries	3 137	3 176	3 609	3 884	4 095	4 337	4 768
EFTA	869	884	902	905	968	1 094	1 126
USA	889	900	1 198	1 286	1 299	1 337	1 627
Developing countries	3 812	3 705	4 076	3 786	4 196	4 370	4 642
Associated countries	1 262	1 040	1 115	1 089	1 138	1 081	1 164
Latin America	1 090	1 165	1 257	1 196	1 489	1 567	1 745
State-trading countries	388	476	554	566	605	720	728

Cereals

The outstanding feature of EEC cereal imports from the world market is the increase in purchases of feed-grains, particularly from the United States and Argentina. This trend points to a division of labour in which the feeding-stuffs are supplied from overseas but the livestock products are produced in the EEC. This is largely confirmed by the expansion of the Community's maize imports. Imports of wheat on the other hand are stationary, with Canadian quality wheat exports cutting the best figure.

The following tables show cereal imports into the EEC from non-member countries:

All cereals and cereal preparations ($ million)

	All non-member countries	USA	Canada	Argentina	Eastern bloc states	Sweden	Australia
1958	675.9	197.4	113.4	144.8	25.9	9.2	13.8
1959	760.2	283.8	109.5	139.6	62.6	5.5	44.9
1960	780.7	266.3	123.2	192.0	56.0	4.9	42.0
1961	897.2	383.7	159.6	125.0	91.4	16.1	67.6
1962	1 093.4	427.8	132.1	247.3	70.8	20.0	57.7
1963	965.0	429.7	133.2	190.1	65.9	6.1	29.7
1964	953.0	450.3	122.3	238.7	No figure yet available	16.7	20.7

Wheat ($ million)

	All non-member countries	USA	Canada	Argentina
1958	250.1	52.5	110.0	27.8
1959	260.1	44.5	102.8	23.2
1960	239.8	45.2	113.2	28.6
1961	467.5	184.2	155.2	22.5
1962	365.5	76.3	123.3	81.3
1963	266.2	73.9	112.0	35.9
1964	250.9	82.1	97.5	45.9

Feed-grains ($ million)

	All non-member countries	USA	Canada	Argentina
1958	425.8	144.9	3.4	117.0
1959	500.1	239.8	6.7	116.4
1960	540.9	221.1	10.0	163.4
1961	429.7	199.5	3.9	102.4
1962	727.9	351.5	8.4	166.0
1963	698.8	355.8	21.1	154.2
1964	702.1	368.2	14.8	192.8
		Maize		
1958	190.5	52.1	0.6	66.6
1959	216.8	82.8	2.4	91.3
1960	261.4	87.4	0.8	120.9
1961	257.5	122.0	0.2	81.1
1962	368.4	167.8	0.3	122.1
1963	474.8	236.9	4.7	133.8
1964	-	-	3.8	142.8

Pigs and pigmeat

The Community's main outside sources for pigs and pigmeat are still Denmark, the USA, Poland and the Balkan countries.

Imports from Denmark have risen by about $15 million over the last five years. The Danish share in total EEC imports has remained fairly stable in those years. The annual fluctuations are connected with the well-known pig cycle (alternation of large and small supplies to the market by producers) inside and outside the Community.

While imports into the EEC of live pigs, bacon and salted meat declined slightly in 1964 compared with 1963, imports of fresh pigmeat rose steadily, and those of sausage and preserved meat at a vigorous pace. The fall in imports of live pigs is partly attributable to the fact that some of these animals have been supplied in carcass since Regulation No. 25 came into force: it was noticed that import conditions were more favourable for the slaughtered products (see table on next page).

EEC imports of pigs and pigmeat from non-member countries

($ million)

	USA	Denmark	All Eastern bloc countries	of which Poland and Hungary supplied		Sweden	Argentina	All non-member countries
1958	20.3	-	23.1	19.0	1.7	8.4	6.4	100.7
1959	29.5	-	26.8	18.1	2.8	11.6	-	118.9
1960	25.0	25.8	23.9	16.6	3.1	9.3	3.3	101.0
1961	31.3	36.1	24.4	17.7	3.8	7.5	-	116.4
1962	25.3	26.5	21.1	11.5	5.0	4.9	1.5	102.9
1963	32.3	44.9	28.2	9.7	8.0	5.2	3.6	146.5
1964	56.0	40.5	-	-	-	5.8	4.8	177.6

Beef and veal

Because of the considerable increases in world market prices for beef and veal, imports of cattle on the hoof and of beef and veal are here expressed not in net value (dollars) but in volume (metric tons). Since 1963 the leading EEC beef importer has been Italy, which has relegated Germany to second place. In 1960 Italy already imported the large total of 152 221 metric tons of beef and veal. A sharp drop to 25 250 metric tons in 1961 was followed by an almost fivefold increase in 1962, to 122 003 metric tons. In 1963, imports again practically tripled, rising to 315 896 metric tons.

The Federal Republic of Germany is an extremely regular importer of beef and veal (always about 135 000 metric tons a year).

Among recent years 1961 was an exception to the general rule, with very small total imports. This was because domestic supply in the EEC countries was particularly plentiful, owing to fodder shortage.

Except in 1964 Denmark has been the leading exporter, with 80% of its beef and veal going to the EEC. In 1964 Argentina, generally speaking, took first place, because of its deliveries of frozen and preserved meat (32.7% of all beef supplies from non-member countries to the Community).

Openings for beef and veal exports to the EEC will continue to be favourable because of the general shortage of supplies (see table on next page).

EEC imports of cattle, beef and veal from non-member countries

(in metric tons)

Country	1960	1961	1962	1963	1964
All non-member countries	315 782	255 679	299 054	482 532	608 785
Argentina	52 156	67 178	89 312	131 659	199 339
Denmark	135 568	93 061	100 627	151 895	114 657
Great Britain	2 450	7 807	4 218	7 324	46 180
Yugoslavia	20 121	9 274	18 766	55 642	42 626
Eastern Europe	7 121	1 551	1 541	28 700	26 453
Uruguay	14 138	12 479	9 412	179	12 597
Ireland	7 059	9 630	4 668	11 331	29 553
Austria	18 603	8 336	14 253	31 508	9 975
Hungary	28 263	14 588	19 021	8 091	7 661

(in percentages)

Country	1960	1961	1962	1963	1964
All non-member countries	100	100	100	100	100
Argentina	16.5	26.3	29.9	27.3	32.7
Denmark	42.9	36.4	33.6	31.5	18.8
Great Britain	0.8	3.0	1.4	1.5	7.6
Yugoslavia	6.4	3.6	6.3	11.5	7.0
Eastern Europe	2.3	0.6	0.5	5.9	4.4
Uruguay	4.5	4.9	3.1	+	2.1
Ireland	2.2	3.8	1.6	2.4	4.9
Austria	5.9	3.3	4.8	6.5	1.6
Hungary	9.0	5.7	6.4	1.7	1.3

Eggs and poultry

For both eggs and poultry the German market determines the Community's capacity to absorb exports from member and non-member countries.

Production of eggs in the Federal Republic rose by 37% between 1961/62 and 1964/65. As a result, German imports fell by 55% during that period.

German production rose from 8 372 million units (= 100) in 1961 to 8 894 million (= 106) in 1962, 9 997 million (= 119) in 1963 and 11 194 million (= 134) in 1964.

Thus the rising trend in production is continuing in Germany. It began as far back as 1957, with the granting of feed-grain subsidies to producers.

The decline in imports affects non-member as well as Community countries.

Eggs - Federal Republic of Germany (in million units)

	1961	1962	1963	1964
Production	8 372	8 894	9 997	11 194
Imports	4 586 (100)	3 815 (83)	2 833 (62)	2 355 (51)

Egg imports from non-member countries ($ million)

	Total	Eastern bloc states	Denmark
1958	105.6	35.0	-
1959	95.7	27.7	-
1960	103.8	34.3	29.0
1961	100.3	40.9	25.1
1962	76.9	34.2	16.0
1963	67.0	31.3	12.3
1964	29.0	No figure yet available	5.0

Eggs: imports, exports, consumption (in million units)

	1961	1962	1963	1964
All EEC countries				
Production	33 834 (100)	34 977 (103)	36 510 (108)	38 789 (115)
Imports from non-member countries	2 798 (100)	2 198 (79)	1 488 (53)	605 (22)
Exports to non-member countries	372 (100)	528 (142)	513 (138)	269 (72)
Consumption within EEC	36 260 (100)	36 667 (101)	37 485 (103)	39 125 (108)
Deficit in EEC	2 426 (100)	1 670 (69)	975 (40)	336 (14)
Deficit in EEC as a percentage of production	7.2 (100)	4.8 (67)	2.7 (38)	0.9 (13)
Average consumption per head in EEC (units)	207 (100)	208 (108)	214 (103)	221 (107)
Total population of EEC	172.5 (100)	173.8 (101)	175.2 (102)	176.5 (102)
Non-member countries				
Denmark				
Production	2 205 (100)	1 970 (89)	1 858 (84)	1 737 (79)
Exports	1 143 (100)	849 (74)	653 (57)	486 (43)
of which: to EEC (%)	64.0	60.3	50.6	29.0
Germany (%)	62.8	58.3	47.3	24.9
Italy (%)	1.2	0.8	1.8	2.3
France (%)	-	1.2	1.5	1.8
to non-EEC countries (%)	36.0	39.7	49.4	71.0
Poland				
Production	6 141 (100)	6 079 (99)	5 800 (94)	6 500 (106)
Exports	1 443 (100)	1 217 (84)	800 (55)	610 (47)
of which: to EEC (%)	61.6	64.6	54.3	18.7
Germany (%)	24.7	22.1	11.5	6.5
Italy (%)	36.9	42.5	42.8	12.2
to non-EEC countries (%)	38.4	35.4	45.7	81.3

Source: Annual report of the Netherlands Egg and Poultry Board, Zeist, the Netherlands.

Slaughtered poultry: imports, exports, consumption

All EEC countries

	1961		1962		1963		1964	
Production in metric tons (carcass weight)	861 096	(100)	915 619	(106)	1027 716	(119)	1133 826	(132)
Imports from non-member countries (metric tons)	133 220	(100)	144 088	(108)	95 698	(72)	96 198	(72)
Exports to non-member countries (metric tons)	12 955	(100)	12 437	(96)	15 415	(119)	18 584	(143)
Consumption in EEC metric tons)	981 361	(100)	1047 270	(107)	1107 999	(113)	1211 440	(123)
Deficit in EEC (metric tons)	120 265	(100)	131 651	(109)	80 283	(67)	77 614	(65)
in per cent of production	14.0	(100)	14.4	(103)	7.8	(56)	6.8	(49)
Average consumption per head of population in EEC (kg.)	5.7	(100)	6.0	(105)	6.3	(111)	6.9	(121)

Non-member countries: Denmark

	1961		1962		1963		1964	
Production in metric tons (carcass weight)	74 200	(100)	84 000	(113)	77 600	(105)	90 100	(121)
Total exports (metric tons)	48 844	(100)	51 010	(104)	52 013	(106)	55 555	(114)
of which: to EEC countries (%)	86.7		79.2		74.0		52.5	
West Germany (%)	84.9		78.3		73.2		52.2	
Italy (%)	1.8		0.9		0.8		0.3	
to non-EEC countries (%)	13.3		20.8		26.0		47.5	

USA

	1961		1962		1963		1964	
Production in metric tons (live weight)	4 509 691	(100)	4404 910	(98)	4588 600	(102)	4728 800	(105)
Total exports (metric tons)	106 948	(100)	117 045	(109)	84 027	(79)	89 000	(83)
of which: to EEC countries (%)	55.6		56.6		37.0		48.7	
West Germany (%)	55.6		56.6		36.0		47.3	
Italy (%)	-		-		1.0		1.4	
to non-EEC countries (%)	44.4		43.4		63.0		51.3	

.../...

EEC imports of poultry from non-member countries ($ million)

	Total	Denmark	USA	Eastern bloc
1958	31.3	-	3.0	14.5
1959	48.2	-	13.4	17.6
1960	62.7	20.3	22.8	16.0
1961	84.0	27.9	37.4	15.6
1962	99.9	27.0	53.8	15.7
1963	69.0	24.5	26.4	15.0
1964	65.9	17.5	27.9	No figure yet available

As we have said, Community trade in table poultry, like the trade in eggs, is completely dominated by the German market. One essential difference, however, is that Germany's degree of self-sufficiency here is as yet only 42%, with consumption still rising. Domestic production is increasing, but this does not alter the fact that the Federal Republic is the world's leading importer of table poultry. Only in the last year - 1964/65 - has the growth rate of imports slackened somewhat.

A few interesting figures may be given here. In 1964 the EEC member countries produced about 700 million chickens for meat and imported about 40 million from non-member countries. The five leading table-poultry exporting countries - the United States, the Netherlands, Denmark, France and Belgium - account for 80% of world exports, which amounted to 228 000 metric tons in 1962/63, 267 000 metric tons in 1963/64, and 278 000 tons in 1964/65. The United States alone exported 89 469 metric tons of table poultry in 1962/63, 105 035 metric tons in 1963/64, and 95 500 metric tons in 1964/65.

The EEC has noted with pleasure that the "poultry war" with the USA is a thing of the past. Admittedly, the United States has lost a little of its trade in chickens, but this has been made up for in other branches, for instance sales of turkeys, parts of poultry and preserved poultry meat.

Fruit and vegetables

Changing consumer habits in all member countries have resulted in greater consumption of fruit and vegetables in the EEC, where increasing internal trade goes hand in hand with growing imports from non-member countries. Liberalization of trade has had a particularly favourable effect in this field. Thus, before the common agricultural policy was introduced, the main EEC importing country had a system of minimum import prices for fruit and vegetables, and when prices fell below the minimum imports sometimes ceased completely. Uninterrupted supplies to the market, particularly of apples and pears, must be reckoned a success for EEC policy.

.../...

EEC imports of apples from non-member countries

(in metric tons)

	1958	1959	1960	1961	1962	1963
All non-member countries	134 558	147 648	114 390	162 914	163 637	186 272
Denmark	8 543	34 194	8 823	15 207	3 323	1 813
Switzerland	17 933	40 966	5 631	9 155	5 372	5 667
USA	30 689	919	5 772	960	7 873	645
Australia	16 243	6 194	14 886	21 444	28 243	30 370
Argentina	11 786	24 967	44 247	39 812	63 758	94 425
Canada	9 417	202	4 152	-	1 518	34
Other countries	39 947	40 206	30 879	76 336	53 550	53 318

EEC imports of pears from non-member countries
(in metric tons)

	1958	1959	1960	1961	1962	1963
All non-member countries	23 764	28 526	26 224	31 338	38 948	38 268
Switzerland	3 487	14 262	6 571	14 084	10 110	5 251
Argentina	10 575	4 157	9 597	2 795	11 343	14 707
USA	3 629	1 853	2 328	1 183	2 467	1 742
Republic of South Africa	2 371	3 381	2 995	4 501	3 881	4 648
Other countries	3 702	4 873	4 733	8 775	11 147	11 920

Sources: National trade statistics (for 1958 and 1959) and OECD Statistical Bulletin (for 1960 to 1963)

EEC imports of fruit (less tropical and subtropical fruit) and vegetables from non-member countries
(in $ million)

	1958	1959	1960	1961	1962	1963	1964
All non-member countries	126.1	103.5	114.3	127.4	151.7	198.5	186.0

Sources: EEC Monthly Statistics No. 5/1964 (for 1958 to 1963) and OECD Monthly Statistics No. 6/1965 (for 1964).

.../...

Conclusion

Supplies to the markets in the EEC member countries were never so plentiful as they have been since the common market organizations came into effect (see also Newsletter of the Common Agricultural Policy No. 41). The freeing of trade in farm products from all import and export restrictions is particularly advantageous for consumers. Because of the excellent functioning of the market organizations the goods automatically reach the area of consumption with the highest prices, and there tend to keep prices down. The best examples of this are the beef and pigmeat markets. High consumer prices have long been the rule for beef and pigmeat, but they would probably be still higher if trade had not been liberalized and the old national import regulations had been maintained.

However, even the EEC can offer no protection against acute seasonal shortages. In recent weeks certain business circles in a Member State have claimed that the present high egg prices are due to the EEC Egg Regulation No. 21. This is not correct. Since the EEC market organizations came into existence there have also been long periods of low egg prices (and at the present season poultry prices are extremely low).

The strong point of the EEC agricultural market organizations is that they ensure uninterrupted and complementary interaction of domestic production and imports from member and non-member countries, thus ironing out extreme price fluctuations with maximum rapidity.

It would seem that consumers are still insufficiently informed regarding the functioning of the market organizations. Since markets have been regulated there has been a tendency to use the Community as a whipping boy whenever consumer prices are temporarily high. In fact, consumers have suffered no disadvantages from the introduction of the market organizations either in the agricultural or in other sectors.