

Newsletter on the Common Agricultural Policy

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New steps towards the harmonization of legislation on feeds

Although animal feeds, at least those that are cereal or dairy products, are covered by the appropriate market regulations, trade in feeds is not yet really free in the Common Market. This is because the laws and regulations governing them differ widely in most of the Member States. This considerably affects the setting-up and working of the common market.

The Commission took an initial step towards harmonizing these laws and regulations when it laid a proposal for a directive before the Council in October 1964. This proposal was blocked by the political opposition of a few Member States, and on 26 May 1967 the Commission put forward a new proposal covering sampling techniques and providing for a Standing Committee on Feeds to have oversight of measures proposed by the Commission. The new proposal contains a compromise in that the system of management committees introduced in the agricultural market regulations is to be modified for use in the harmonization of legislation.

According to the new proposal, the Commission will not be able to implement a measure unless there is a qualified majority of government representatives in favour in the Standing Committee on Feeds that is to be set up. If a qualified majority is not obtained, the decision will be up to the Council. Only if the latter cannot reach a decision by qualified majority within three months will the right to decide revert to the Commission.

The practical implication of the proposed directive is that Member States will be obliged to carry out all their official controls in accordance with standard sampling procedures and methods of analysis. The Commission, following the procedure outlined above, will have to lay down sampling techniques and methods of analysis in accordance with the latest scientific and technical knowledge and with due regard for such techniques and methods as have proved reliable.

On 27 June 1967, the Commission submitted to the Council a proposal for another directive in this field, this time concerning additives in animal feeds.

This proposal is the result of years of collaboration between the Commission and government experts from the member countries. Trade and consumer organizations associated at Community level were also consulted.

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The Commission's proposal starts from the assumption that any increase in livestock productivity will be largely dependent on the provision of suitable high-grade feedingstuffs. This is being increasingly promoted by the utilization of additives in livestock feeding.

The measures embodied in the proposal are designed to make the best possible means of production available to Community agriculture.

Since animal fodder is one of the commodities listed in Annex II to the Treaty, the Commission has based its proposal on Article 43.

What is the substance of the proposal?

- (a) Feedingstuffs in the member countries will not be allowed to contain additives that do not conform qualitatively and, where appropriate, quantitatively to Community standards. Annex I to the directive lists the permitted substances and the conditions for their use. Among the substances which are not listed and are therefore prohibited are those which act as hormones or anti-hormones.
- (b) The permitted substances should not be given to animals otherwise than when mixed with their feed.
- (c) Provided that feeds containing additives come up to the standards specified in the directive, they should not be subjected to any trade restrictions within the Community on grounds of additive content.
- (d) All substances which, when mixed with feeds, modify the quality of the feeds and of livestock products are to be considered additives. They may be accessory food factors which can be expected to have a favourable effect on growth or livestock production; they may also be auxiliary agents that facilitate the manufacture, preservation and assimilation of feeds; or they may be prophylactically active substances that counteract certain pathological phenomena.
- (e) As may be inferred from the word itself, "additives" means only such substances as are knowingly and intentionally added to feeds.

In future, use of the following groups of additives will be permitted: amino acids, some antibiotics, anti-oxidants, flavouring and aperitive agents, some coccidiostatic and other drugs, emulsifiers, certain colouring matters and pigments, several trace elements and stabilizers, vitamins, provitamins and analogous substances.

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However, the Member States are to be allowed - though for the most part only during the transition period, which in any case is drawing to a close - to authorize other additives within their own jurisdiction. But they are expressly prohibited from authorizing substances that act as hormones or anti-hormones and those (e.g. arsenic, antimony, fluorine, selenium) listed in Annex II to the directive. Certain margins are allowed, of course, to take account of the natural occurrence of these substances in feedingstuffs.

- (f) Additives are permitted within the terms of the directive, provided they conform to the following principles:
1. They must improve the quality of feeds into which they are incorporated and of resultant livestock products.
 2. The concentrations of permitted additives in feeds must not be high enough to be injurious to animal or human health.
 3. They must not harm the interests of the consumer by making any change in the nature of livestock products.
 4. When mixed in feeds they must be amenable to qualitative and quantitative analysis.
 5. In the case of medicinal additives, the content in feeds must not amount to prophylactic or therapeutic doses. For example, only nutritional doses of antibiotics should be mixed with feedingstuffs. This rule does not apply, of course, to coccidiostatic drugs and a few other substances whose exclusively medicinal nature is beyond doubt. Use of these agents as additives is authorized in practically every member country because they are considered indispensable for poultry farming. However, these substances are listed in the directive as a temporary arrangement only. They are to be dealt with later on in a directive on the active substances in medicated feed.
 6. There must be no stipulation that, owing to possible effects on human or animal health, the additives may only be administered under medical or veterinary surveillance.

These principles are also to apply if any changes are made in the annexes to the directive or if certain Member States exercise their right to authorize the use of other additives within their national frontiers (see point 5 above).

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- (g) A special rule applies to supplementary feeds (concentrates which, on account of their composition, must be mixed with other feeds to provide an adequate total daily ration for livestock). Provision is made for measures to guarantee that animals do not receive in their daily ration more than the permitted maximum quantities of specified additives such as antibiotic or coccidiostatic drugs.
- (h) The proposed directive contains a clause permitting Member States to postpone the authorization of particular additives or to reduce stipulated maximum contents in their territories for a period of up to one year, should there be any risk to animal or human health.
- (i) The Member States are to be made liable for ensuring official control, at least by spot checks, of the observance of rules made pursuant to the directive. Community sampling procedures and methods of analysis are to be employed for this purpose. The responsibility for laying down such procedures and methods will be the Commission's. It is proposed to apply the same procedure as that governing the basic materials in feeds - through the Standing Committee on Feeds (see above).
- (j) The Member States will be required to enact legislation giving effect to the directives within two years of their being issued.

Apart from these proposed directives, the Commission is now preparing definitions for feedingstuffs. Corresponding regulations on compound feedingstuffs and provisions regarding the characteristics of simple and compound feedingstuffs are also planned.

The world sugar market: current situation and future trends

World production and consumption of sugar have more than doubled since the end of the Second World War. After successive periods of surplus and shortage the world sugar market is now passing through a phase of overproduction not offset by any commensurate demand. In view of the importance of sugar production to agriculture in the Community and in many developing countries, the EEC Commission's Directorate-General for Agriculture decided to put in hand an investigation into the world sugar market as part of a wider study already commissioned. Kiel University's Institute for International Economics (Institut für Weltwirtschaft), which was asked to make this survey of the major world agricultural markets, has now finished the second part of its work⁺ - a report on the sugar market.⁺⁺

⁺ Its report on the world cattle and beef and veal markets has already been published in Informations internes sur l'agriculture, No. 14, EEC Commission, Directorate-General for Agriculture, Brussels, 1966.

⁺⁺ The study may be obtained from EEC Commission, Directorate-General for Agriculture, Agricultural Economics and Legislation Directorate, Reports and Accounting Information Network Division. It is available in German. The French version will be published later. .../...

Taking the average of the years 1947/48 - 1949/50 and that of the years 1962/63 - 1964/65, we find that world sugar production rose from 27.7 million metric tons to 56.8 million metric tons over the period, whereas world consumption increased from 27.8 million tons to 55.5 million tons. This increase was not steady, however: the trend was affected by a number of endogenous and exogenous factors, particularly the varying elasticity of supply in relation to prices. Limited periods of sugar shortage, which resulted in sharp increases in world prices, led to fairly swift reactions from producers, i.e. to a considerable expansion of production, whereas the falling price trends which then set in gave rise only to hesitant cutbacks of production and supply. Within this cycle, periods of excess supply were therefore always longer than periods of shortage.

The constant increase in world production - seen in the long run - was not quite matched by consumption, the result being that, by the end of 1965, world sugar supplies were only just below a whole year's consumption. At the end of each year of the past decade, world supplies amounted, on average, to only 36.5% of a year's consumption.

Only a little over a quarter of world sugar production is still traded in internationally today, as against about 35% in "1952".⁺ This is because domestic consumption in the principal exporting countries rose more rapidly than in the importing countries; the latter's domestic production, however, increased considerably and in some cases even surpassed domestic consumption. The growth in world sugar imports, which declined from an annual average of 3.4% over the years "1952"- "1957" to 0.7% over the years "1952"- "1964", was accounted for almost entirely by the developing countries; imports into the developed countries were almost at a standstill.

On the average of the years 1962 to 1964, the developed countries produced only 33% but consumed 47% of the world's sugar, whereas the developing countries produced 44% and consumed only 29%.

The proportion of raw sugar in the world sugar trade has now risen by approximately three quarters, while the proportion of white sugar traded in has been steadily falling. The USA and the principal European consumer countries have gone on increasing their sugar refining capacities over the last twenty years or so - with the result that the big sugar exporting countries have been compelled to export raw sugar almost exclusively.

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⁺ Dates in inverted commas mean the average of that year, the year before and the year after (i.e. "1952" = the average of 1951, 1952 and 1953).

While the sugar trade on domestic markets is subject to varying degrees of government intervention, international agreements to stabilize the world market have so far been short-lived. The world market should, in this case, be understood to mean trade which is not conducted under existing preferential agreements. This "free" world market is to a very large extent dependent on the preferential markets, which offer firm price and marketing guarantees to a number of exporting countries. The quantities which exceed those stipulated in these agreements affect the "free" market more especially because they are not always offered at prices reflecting real market conditions and costs. Both the "world market price" quoted on the New York Coffee and Sugar Exchange and the quotations on the London Sugar Exchange in this respect provide clear reflections of the current supply situation.

The study's forecasts of the world sugar trade for "1975" assume that the present surplus will continue, relying largely on projections of demand. The higher world sugar import figures postulated for "1975" (18.9 million tons) compared with the average of the years 1963-1965 (17.8 million tons) are based on a forecast increase in imports by the East European countries (1.3 million tons) and the developing countries (0.4 million tons) and a drop (of 0.7 million tons) in the developed countries' imports.

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The study contains a thorough investigation of the foreign trade of the more important sugar importing and exporting countries and of the volume and importance of trade carried on in existing preferential markets. It also covers the trend of production and consumption and current market regulations in the importing and exporting countries. The forecast for sugar imports in "1975" applies to the major importing countries or regions.

Pages 271-278 of the study contain a summary of the findings.

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