

Newsletter on the Common Agricultural Policy

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On 1 April 1968 milk and milk products will be added to the list of products for which a single market organization has been established.

This hurdle, which is unquestionably an important one for livestock production in the six Community countries, was reached and crossed in a period of less than four years. There were two main milestones on this brief journey:

- (a) The basic regulation (Regulation No. 13/64/CEE of 5 February 1964)
- (b) The Council decisions of July 1966.

This does not mean that the milk and milk products sector did not receive the greatest possible attention from the Community during this time. On the contrary, hundreds of decisions and regulations were adopted between 1964 and 1968 to obviate or correct in good time any disturbances occurring as the transition period ran its course.

The common milk policy revolves around three elements which were defined in Regulation No. 13/64/CEE; they are the price system, intervention measures, and trade arrangements.

This three-pronged market organization remained unchanged throughout the transition period and its main features have been retained in the proposed regulations submitted to the Council by the Commission on 22-23 January. The major difficulties - particularly in the discussions between the individual countries - are encountered in connection with fixing common prices for the last marketing year of the transitional period or - even more so - for the first of the final stage. The broad lines of the common organization were laid down by the basic principles of the 1964 regulation and the price decisions of 1966. Only one task remained therefore - to provide a general framework for the entire sector which would make it possible to establish the single market and be sufficiently flexible to adapt to any situation which might arise and capable of correcting any imbalances which occurred. In other words, a regulation had to be adopted for a sector - that of fresh liquid milk and the products coming under CCT heading 04.01 - which the Community had been unable to deal with in any final form because of factual difficulties previously encountered. The Commission met this need by drafting a proposal for a regulation laying down supplementary rules for the common

market organization to cover the products mentioned above.

The Commission then submitted its proposals for the milk products sector to the Council, thereby throwing open the debate and making possible a preliminary exchange of views between the national delegations and the Commission. The Commission had two aims in view in putting forward its proposals, namely:

- (1) To cut down the time needed to discuss and approve the regulation, since the deadline of 1 April 1968 is now pretty near at hand;
- (2) To obtain the first opinions and reactions of the Member States. The Commission needed ~~these~~ not only in connection with the future shape of the milk products sector, but even more so as a means of assessing the ordinary and extraordinary measures called for to permit concrete action on the structures of livestock production in the Community adequate to the present gravely disturbed situation.

The Commission proposes:

- (1) A regulation on the common organization of the market in the milk and milk products sector;
- (2) A regulation containing rules on the products coming under CCT heading 04.01 (fresh milk) to supplement the previous regulation.

I. The Commission's proposal for a regulation in the milk and milk products sector

The text begins by summarizing the reasons which led to the drafting of the proposal.

A general reason is given first: if the common agricultural policy is to be complete, milk and milk products must be included in a common market organization. This appears all the more essential in view of the size of the contribution of these products to farm incomes.

Following the lines of the basic regulation (Regulation No. 13/64/CEE), the market organization will rest on three prices: a single target price, a threshold price and an intervention price will be fixed as for certain products specified in the past. But in order to meet the fairly varying conditions in six different countries, the target price for milk must be the same throughout the Community, the threshold price identical on all the Community's frontiers and the intervention price the same in all Member States.

These steps must be taken to ensure that all obstacles to the free movement of goods within the Community are genuinely abolished, that **appropriate** protection is provided vis-à-vis non-member countries, and that a way is found to guarantee a certain return to all producers.

If achievements in this sector to date are compared with the aims laid down in Article 39 of the Treaty, it will be seen that market support measures must continue to be taken, particularly for milk, but in such a way as not to hamper the free movement of goods. Such support measures should mean that returns from total milk sales ensure that all producers receive the common target price.

Consequently, in addition to existing support measures for butter, it would be well to make provision for other measures to improve

- (a) the protein content of milk; and
- (b) products (for example Parmigiano-Reggiano and Grana Padano cheeses in Italy) which play a decisive role in the formation of milk prices.

The attainment of a single market entails, in addition to a single price system, the establishment of uniform trading arrangements on the external frontier. Combined with the intervention system and the import levies and export refunds, the effect of the **uniform** arrangements is to stabilize the internal market by eliminating the repercussions of fluctuations in world market prices.

To supplement the price system outlined above, provision has been made for certain measures to regulate trade with non-member countries. The Commission is thinking in terms of making imports and, in some instances, exports subject to the **issuing** of **appropriate** documents.

This does not restrict trade with non-member countries, nor is it a protective measure; it is merely an easy way of making it possible to follow the development of trade and market trends.

As for the practice of importing commodities at prices ruling in a non-member country and re-exporting them as finished goods, the entire operation being exempt from customs duty, the Commission feels that it may be necessary to put a stop to this entirely in some instances, or at least to limit it. The Commission is also considering fixing a refund in cases of this kind which would give a certain amount of preference to basic products of Community origin.

To prevent the common market being left without any protection once all existing obstacles have been removed, in exceptional cases, where the common system of prices and levies is found to be inadequate, the Community may take rapidly all necessary steps to prevent possible disturbance.

The various forms of subsidy granted by the Member States to their dairy farmers is another thorny problem, which has given rise to considerable controversy in the past. It is obvious that a single market based on a price system would be jeopardized by measures of this kind. The Commission therefore intends to invoke the Treaty provisions which give it the power to examine aids granted by the Member States and to prohibit any which it considers incompatible with the common market. However, one exception has been made: certain degressive national aids may be granted during a short transitional period, and this should make it easier to get the common market organization running smoothly.

Provision must be made for uniform quality and marketing standards for butter if this product is to move freely within the Community. These standards will be extended to cover imported butter so as to prevent Community butter being placed at a disadvantage. The new provisions comprise a complex of national standards dealing with quality and packaging and their aim is to protect the wholesomeness and flavour of butter in face of competition from vegetable fats, whose consumption is clearly on the increase. It is clear that this complex of measures had to be harmonized within the Community.

The proposed regulation is divided into chapters which deal with:

- (i) the price system
- (ii) intervention measures
- (iii) trade arrangements
- (iv) general provisions

It covers the following products:

Common customs tariff No.	Description of goods
(a) 04.01	Milk and cream, fresh, not concentrated or sweetened
(b) 04.02	Milk and cream, preserved, concentrated or sweetened
(c) 04.03	Butter'
(d) 04.04	Cheese and curd
(e) ex 17.02 A	Lactose and lactose syrup
	II. other than those containing, in the dry state, not less than 99% by weight of pure product
(f) ex 23.07	Sweetened forrage; other preparations of a kind used in animal feeding
ex B: Other	Preparations and feeds containing not less than 50% by weight of the products coming under one or more of the headings 04.01, 04.02, 04.03, 04.04 and 17.02 A II or other preparations and feeds containing less than 50% by weight of the products coming under the headings listed above, excluding preparations and feeds containing products to which the provisions of Regulation No. 120/67/CEE and Regulation No. 359/67/CEE apply.

A. The price system

The system is based on three prices - the target, threshold and intervention prices.

The common target price is the price which it is hoped to guarantee producers for all milk sold during the milk year. It is fixed by the Community before 1 August for the milk year beginning in the following April. The target price for the 1968/69 milk year is to be fixed before 1 April 1968 but was in fact fixed as early as July 1966 at DM 39 per 100 kg ex-farm and DM 41.20 per 100 kg delivered dairy, for milk with a 3.7% fat content. The milk year begins on the first Monday in April and ends on the eve of that day in the following year.

A threshold price is also fixed each marketing year for all the products covered by the present proposal with the exception of liquid milk, for which special arrangements are planned up to 31 December 1969.

The threshold price is the price at which products imported from non-member countries are allowed to enter the Community. Its main function is to shield Community producers from outside competition. This price is therefore related to the common target price and is fixed in such a way as to allow imported goods access to the market at a price which will not prevent Community producers receiving the target price for their milk.

To simplify the price-fixing procedure, all these milk products have been placed in groups and for each group a "pilot" product has been chosen. The threshold price is therefore fixed for the pilot product only. The table below gives threshold prices for these pilot products for the 1967/68 and 1968/69 milk years. The prices for France and the Federal Republic of Germany take into account variations caused by the introduction of the tax on value added in these two countries. Prices are in DM per 100 kg.

Table 1: Common threshold prices fixed by the Council for the 1968/69 milk year and national threshold prices for the 1967/68 milk year (EM per 100 kg)

Group No.	Product	Common threshold price 1968/69	National threshold prices 1967/68					
			Belgium	Germany	France	Italy	Luxembourg	Netherlands
1	Powdered whey	89.00	89.00	89.00	89.00	93.00	89.00	79.01
2	Powdered whole milk	413.00	364.68	358.58	408.92	396.80	364.60	346.86
3	Powdered skimmed milk	116.00	147.68	133.83	206.81	214.20	147.68	165.80
4	Condensed milk, unsweetened	184.00	187.92	184.00	192.76	220.00	177.68	186.65
5	Condensed milk, sweetened	247.00	278.08	280.19	281.23	330.00	278.68	247.00
6	Blue-veined cheese	520.00	420.97	518.18	517.95	504.87	446.87	505.00
7	Parmesan	510.00	702.92	702.92	702.92	702.92	702.92	702.92
8	Emmental (hard cheese)	537.00	532.00	532.00	541.00	532.00	532.00	532.00
9	Comté (medium-hard cheese)	494.00	455.68	428.87	477.65	479.00	455.68	392.13
10	Butterfat	479.00	452.00	458.07	476.42	462.39	452.00	452.00
11	Camembert (soft cheese)	494.00	455.68	428.87	477.65	479.00	455.68	392.13
12	Leakle-cream cheese (fresh cheese) ¹	-	-	-	-	-	-	-
13	Lactose	172.00	172.00	172.00	172.00	172.00	172.00	172.00
14	Butter	765.00	694.20	754.22	759.00	730.00	715.00	694.20
15	Cheddar	537.00	406.00	400.00	400.00	406.00	400.00	406.00
16	Filsit	494.00	455.68	428.87	477.65	479.00	455.68	392.13
	Powdered skimmed milk for animal feed ²	-	-	137.80	-	137.00	-	143.65

¹ Since the beginning of the 1965/66 milk year, threshold prices have no longer been fixed for Group No. 12; the levy arrangements correspond to those for Group No. 11.

² During the transitional period, the Member States are free to fix for powdered skimmed milk for animal feed a threshold price lower than that for Group No. 3. In the 1967/68 milk year, however, this threshold price must be at least EM 137 per 100 kg.

Each marketing year the Council will fix an intervention price for butter. This is the price that the intervention agencies will be able to pay for butter bought in by them and put into storage.

This price has been fixed at DM 705 per 100 kg for the first milk year. As we will see later, a considerable effort, financial and other, is being made in this sector, and the intervention price is adequate having regard particularly to world market prices. The butter market is already overloaded enough and will not allow of any higher price.

B. Intervention arrangements

It has been seen that the combined effect of all intervention measures should be to guarantee **producers an adequate price which should not in any event fall below the level fixed by the Community.** Intervention is therefore aimed in four different directions:

- (1) Skimmed milk: A reduced price will be paid for skimmed milk, liquid or powdered, produced in the Community for use in animal feed or for processing into casein. This measure is adopted to guarantee a certain return to producers, to avoid over-burdening the market for this product, and to encourage the use of skim milk in animal nutrition.
- (2) Butter: Butter may be bought in at the intervention price by the agencies appointed for this purpose by the Member States. This only applies of course to butter produced in the Community which meets certain conditions as regards quality and packing and qualifies for the relevant official control stamp. This type of intervention is resorted to whenever the market situation requires it. Aid is also granted to butter in private stocks under the same conditions. Butter supplies must be released for sale in such a way as not to upset the balance of the market, while at the same time ensuring all consumers access to the product on equal terms. The intervention measures will be applied in such a way as to leave the competitive position of butter vis-à-vis other products intact as regards both price and quality. It is precisely for these

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reasons that intervention measures will be applied only if stocking has been carried out along the most rational lines possible without impairing the quality of the product.

- (3) Parmigiano-Reggiano and Grana Padano cheeses: Intervention measures analogous to those already taken for butter will be introduced for these cheeses. This is being done to make it possible to give Italian producers the same guarantees as producers in other countries are given by intervention measures for butter. In Italy, in contrast to the other five countries, cheese is the most common processed product and it plays a decisive role in determining and enhancing the price of milk.
- (4) Other measures: In addition to the three types described above, the Community has made provision for other forms of action to relieve pressure on the market during periods of heavy seasonal production and to minimize any associated drop in prices. Measures of this kind can also be introduced where structural surpluses of milk fats are formed and can involve an extension of market support measures for butter which already represent a considerable burden.

C. Trade arrangements

The third chapter of the proposed regulation can be subdivided into three parts dealing with:

- (i) imports
- (ii) exports
- (iii) marketing standards.

The import system is based on licences. These are issued by the Member States to anyone making an application. They are valid for a single operation and will only be issued against a deposit guaranteeing the commitment to import during the period of validity of the licence.

A levy is charged on all imported products, an exception being made in the case of products in the liquid milk group which are still subject to national import arrangements. All customs duties, quotas and measures having equivalent effect now applicable to products in this group will remain in force but only until 31 December 1969. The amount of the levy is fixed

for the "pilot" product of each group and applies automatically to the products assimilated to it. Fixing the levy is quite a simple procedure; it corresponds to the difference between the threshold price fixed for each "pilot" product and the corresponding free-to-frontier price based on the most favourable offers on the world market. To return once more to the question of butter, no butter can be imported from a non-member country unless it meets the requirements laid down for the Community article.

The export arrangements provide for the issue of licences in special cases only. The procedure to be followed and the restrictions to be imposed are the same as for imports. Prices on the world market may fall below the Community price; in such a case the Community, to facilitate exports, pays exporters a refund equal to the difference between the two prices. The amount of the refund will be the same throughout the Community but may be differentiated with the country of destination. It is paid only at the request of the exporter concerned, but under this provision the Community shoulders responsibility for subsidizing exports of products which are surplus to its own market requirements and are cheaper on the world market than in the Community.

The Community may also intervene in connection with temporary importation arrangements (inwards processing traffic) applied to products imported free of customs duty to be used as raw materials and re-exported in the form of finished goods. The Community may limit or completely ban this type of traffic whenever the situation on the internal market requires it.

The third and last section of this chapter - marketing standards - is rather short. It contains rules on the interpretation of customs tariffs, the abolition of all norms which restrict intra-Community trade, and threats of disturbances on the internal market. The free-to-frontier price of one or more products might, for example, be higher than the threshold price and might jeopardize equilibrium on the internal market. In cases of this kind, any measures considered necessary to re-establish normal conditions may be taken in trade with non-member countries.

D. General provisions

Apart from the usual rules for applying the regulation, the final chapter also deals with problems of some importance concerning:

- (i) The free movement of goods: Any customs measures which could hinder the free movement of the goods in question within the Community are prohibited; from now on, therefore, no customs duties or charges equivalent in effect may be levied nor can import quotas be imposed.
- (ii) Competition: Articles 92 to 94 of the Treaty dealing with rules of competition will apply to the milk market. This calls for decisive action on the aids which are widely accorded by Member States. As a general rule the only aids permitted will be those designed to facilitate the sale of fresh milk and milk products to school children; any aid whose amount is linked with the prices and the quantities of the products is expressly forbidden. Also prohibited are any measures designed to distort the relationship between the price for liquid milk and any other milk products. Some degressive aid may, however, be granted up to 31 December 1969 at the latest to facilitate the introduction of the single price. Germany will be allowed to grant subsidies of this kind for butter, Gouda, Edam and Tilsit, and the Netherlands for butter.

The Grand Duchy of Luxembourg will be allowed to grant aid to milk producers up to 1973/74. This aid may not exceed the following limits per 100 kg:

Up to the end of the 1971/72 milk year	0.375 u.a.
During the 1972/73 milk year	0.300 u.a.
During the 1973/74 milk year	0.200 u.a.

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- (iii) Quality standards for butter: Provision is made for production and marketing standards for butter to preserve its position as a natural product made from high-quality basic products which have been subjected to the minimum amount of processing, and whose flavour and special characteristics have been kept intact. These standards are therefore concerned on the one hand with the equipment used by butter-making enterprises and with packing, and on the other with the composition and flavour of the butter itself. A special inspection mark will be introduced in connection with this regulation and may be put on the packaging of quality butter only.
- (iv) Management Committee: Provision is made for a ~~Management Committee~~ with aims and functions similar to those of existing committees in sectors where a single market organization is operating. This Committee will deal with all specific problems still to be settled as regards this regulation and with any others arising in the future in connection with the running of the market organization.
- (v) Financing: It has been decided that once the regulation comes into force, milk and the milk market will come under the EAGGF as far as financing is concerned. This means that the Community, through its Farm Fund, will assume complete responsibility for all expenditure connected with the market in these products. **The cost of intervention measures and refunds** will thus be borne by it and receipts from import levies credited to it.

II. The Commission's proposal for a regulation on liquid milk

The Commission felt that a proposal for the organization of the market in liquid milk should be submitted at the same time as the proposed basic regulation for the milk and milk products sector. Fresh milk comes under CCT heading 04.01 and hitherto had not been included in the market organization for this sector. Provision was made for special arrangements in this field in Regulation No. 13/64/CEE but the relevant rules did not materialize and the first decisions on the matter were taken only in July 1966.

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The proposal is based on a number of considerations which are linked to two kinds of factors - first, the need to adopt rules for this sector to complete the common agricultural policy and, secondly, the objective situation of the market. Production has increased during the last few years, if only slightly, and deliveries of milk have expanded considerably. Since it was clear that the Community market would not be able to absorb the growing supplies, the Commission felt that the greatest possible quantity should be used in the form of fresh milk. If people are to be encouraged to drink more milk, the product offered for sale must meet the needs and satisfy the taste of the consumer. For this reason every effort will be made to offer a good quality product which is as completely digestible as possible. Among these measures no separation should be made between those directed towards improving the quality of the milk produced and others whose purpose is to have milk handled in the most hygienic way possible. This leads logically to sanitary standards both for the health of the animals producing the milk and the bacteriological content of the milk itself. These two series of measures call for increased efforts in the technical field, both at the processing plants and on the farms, and the cost of this will be not inconsiderable.

To encourage those concerned to take steps in this direction, a system of payments based on quality must be introduced for fresh milk. Since stockbreeding conditions vary enormously from country to country, and from one area to the next, no rigid single system will be introduced but rather a set of uniform basic rules for the entire Community. Member States which do not yet have national standards of this kind will obviously need some time to set up the essential sanitary controls and to introduce a payments system based on quality.

The proposed regulation has fourteen articles which can be divided into three groups dealing with:

- (a) Its field of application and aims;
- (b) Quality standards;
- (c) General provisions.

A. Field of application and aims

The regulation covers the products coming under CCT heading 04.01, namely "milk and cream, fresh, not concentrated or sweetened".

This means that, for practical purposes, the regulation applies to milk and cream to be consumed fresh. Since it is proposed to have the greatest possible quantity of milk used in this way, it will be essential

1. To offer consumers at all times products of a guaranteed quality corresponding to their needs and their taste;
2. To arrange things in such a way that people producing and selling fresh milk will find it worth their while to make a sustained effort to maintain the standards as regards the product and services asked of them.

The products covered by the regulation are then defined:

Milk: the product of the milking of one or more cows, to which nothing has been added and which has not been skimmed even partially;

Raw whole milk: milk which has not been skimmed or otherwise treated;

Whole milk: milk with a minimum fat content of 3.5% and which has been subjected to treatment;

Partially skimmed milk: milk with a fat content of between 1.5% and 1.8% and which has been subjected to treatment;

Skimmed milk: milk with a maximum fat content of 0.1% and which has been subjected to treatment.

For the purposes of this regulation, "fresh milk" includes the last three categories as well as **raw whole milk** intended for direct sale by the producer to the consumer in this form. All milk with a fat content of 0.1% to 1.5% and between 1.8% to 3.5% is excluded from Community trade.

The reason for these categories is that the Commission feels that by increasing the fat content of fresh milk the grounds for the formation of butter surpluses will be lessened, in part at least.

The factors which made the opposite course of action desirable in the past are no longer valid today and have even been reversed. At the same time, the consumer must be free to buy partially skimmed milk for his dietic needs - hence the completely or only partially skimmed milk categories. The **raw** whole milk category was included to make it possible for milk to be sold direct to consumers from the farm, provided of course that the health requirements laid down are fulfilled.

B. Quality standards

This series of standards, which apply to fresh milk only, begins with animal health standards. The cows supplying the milk must be recognized as being free from tuberculosis and brucellosis; in addition, the condition of the udder must be inspected periodically.

In view of the technical difficulties involved, certain concessions will be made, particularly in connection with the date of entry into force of these standards. Such concessions will however be for a limited period only.

Fresh milk which is to be treated may be produced only in approved establishments. To qualify for approval, minimum conditions concerning buildings, technical equipment and the production processes themselves must be met. In addition, the system of payments for milk must be based on quality. This means that milk delivered will be paid for at different rates depending on the quality class into which it falls. There are three classes, but only the first can be used as drinking milk. Some time will also have to be allowed for adaptation to the payments system.

Furthermore, fresh milk may only be marketed from authorized processing plants or through normal marketing channels. Milk offered for sale must of course fulfil certain requirements as regards packaging, quality and bacteriological characteristics. Provision is made for the adoption of measures to allow processing plants which market their products direct to conclude long-term contracts with producers or with consumers.

It is easy to see that under modern marketing conditions profit margins are not too wide. All the expenditure connected with the production of wholesome, good-quality milk could only be incurred if it made sound economic sense to the producer. It is **only** right and proper therefore that producers should receive a fair return, but consumers must not be forgotten either; the Member States will therefore be allowed to fix maximum prices which would ensure the consumer normal access to the product - this cannot be neglected for obvious social reasons - but would at the same time compensate producers for the greater volume of expenditure incurred and for their services. It is clear that without such measures regular milk supplies cannot be guaranteed.

C. General provisions

This last section contains rules for applying the regulation and an article providing for the adoption of transitional measures whenever these seem necessary to facilitate the implementation of the new arrangements.

CONCLUSION

Since these are only Commission proposals, the Council may introduce many amendments. It is very likely, however, that these two regulations will provide the main lines of common policy in the milk and milk products sector in the years ahead.

In conclusion it must be pointed out that the market organization will only be complete when these two regulations have been supplemented by a whole batch of implementing regulations needed to put them into effect.

SITUATION AND TRENDS ON WORLD MARKETS
IN MAJOR AGRICULTURAL COMMODITIES - MILK PRODUCTS

"Internal Information on Agriculture" Series, No. 19

As part of the programme of studies being carried out by the Directorate-General for Agriculture, the World Economics Institute of the University of Kiel was commissioned to survey world markets in major agricultural commodities and to study in addition to the trends governing the present situation on these markets, the situation forecast for 1975 on the various sectors examined. A third study in this series now examines world markets for milk products.

The regulation of the milk and milk products markets occupies an important place in the common agricultural policy. Farms of all sizes produce milk and for many milk is an important source of income. Although fresh milk products such as liquid milk, fresh cream, etc. are of virtually no importance in international trade, others such as butter, cheese, powdered and condensed milk, casein, rank next in importance to meat in world trade in processed animal products. Enough milk is produced in the Community to make it possible to guarantee regular supplies for the fresh milk market all the year round. Milk production is however subject to considerable seasonal variations and quantities available for processing can, from time to time, be in excess of consumption and export requirements. This means that temporarily unmarketable quantities of milk products must be supported by state intervention. An assessment of the present and future situation on world markets in each milk product playing a part in trade with non-member countries is of particular importance in formulating future agricultural policy.

The present study begins with a detailed examination of the situation in areas and countries of the world which import large quantities of butter, cheese, milk powder, condensed milk and casein. The review of the volume of trade in these goods and the factors determining the demand for milk products on international markets is followed by forecasts for imports of milk products by the large importing areas and countries and for total world imports in "1975".

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¹ Already published:

Situation and trends on world markets in major agricultural commodities - cattle and beef (Internal Information on Agriculture Series, No. 14).

Situation and trends on world markets in major agricultural commodities - sugar (Internal Information on Agriculture Series, No. 15).

These forecasts show that the capacity of international butter markets can only be expected to increase very slightly from now on. The largest importer is still the United Kingdom and it is expected that in "1975" UK butter imports will represent approximately 70% of total world imports.

Similarly, it is expected that the international cheese markets will expand very slowly. Import demand in Western Europe will not change on the whole but it is expected that Japan in particular will increase its imports considerably.

The most marked increase in world imports of milk powder should be in skim milk powder. It is expected that skim milk powder surpluses in the European Economic Community will increase but will be offset by growing demand mainly from developing countries.

The international market in condensed milk is limited because many Asian and even African countries have now begun to manufacture "filled milk" or "recombined milk"; the basic materials for their manufacture will however continue to some extent to be in international demand.

Competition from synthetic materials will restrict the future international market in casein considerably; a slowdown in the rate of expansion is forecast here also.

Pages XIII to XXII summarize the principal results of the survey which precedes the study itself.

A copy of the study may be obtained from the Directorate-General for Agriculture of the Commission of the European Communities (Directorate for Balance-sheets, Studies and Information). It is now on hand in German and a French translation will be available shortly.

The trend of pig prices in the Community

Since the Community regulations came into force on 30 July 1962, market prices for pigs have been developing along parallel lines throughout the Community, though at different levels. The trend can be described as cyclical.

Apart from seasonal variations, with a fall off in the spring and recovery in the autumn and winter months, pig prices are subject to cyclical variations in the region of 15% to 20%, and the cycle lasts from 30 to 32 months.

The last peak was recorded during the summer of 1966; the cycle is now at the lowest point and a new peak is forecast for the winter of 1968/69.

If pigmeat prices are to be stabilized it would be best not to cut down on piglet production as a reaction to very low prices, but on the contrary to increase the number of piglets reared during 1968 (see graph).

Pig cycle in the EEC (average of the reference prices)

