

Britain, Ireland and Denmark will apply the common agricultural policy fully by December 31, 1977.

Agriculture is specially important for the Community. In the EC of Nine, over 9 per cent of the labour force works in agriculture, compared to 6.7 per cent in Canada. In parts of Southern Italy, more than half the workers are on the land.

FREE TRADE

Like the customs union, the common agricultural policy has stimulated trade. Between 1958 and 1972, farm trade among the Six rose by 683 per cent. In 1972, it amounted to about \$10 billion.

During this period, food imports from non-member countries rose by 90 per cent. The Community is the world's largest importer of agricultural products, absorbing 43.9 per cent in 1973.

PRICE SUPPORT

Most countries protect agriculture. The Community system does not use direct income supports or import quotas. Official prices form the centre of the Community's market-support system. This arrangement maintains market prices to farmers in two ways:

- A variable-levy system at the Community's borders aligns the price of imported food with domestic prices.
- When over-production at home threatens to depress prices, the authorities buy and stock surpluses. These may be sold on world markets.



The Council of Ministers, acting on Commission proposals, sets official prices in units of account each year. The Commission makes day-to-day decisions on import levies and other agricultural operations. The Commission works closely with management committees, composed of officials from the national ministries of agriculture.

FARM FUND

The European Agricultural Guidance and Guarantee Fund (EAGGF) finances the common agricultural policy. Its guidance section contributes to the cost of projects to modernize farms or improve distribution of farm produce. It also runs a pension plan to encourage small farmers to retire early, freeing land for incorporation into larger farming units. The guarantee section finances support buying of farm produce and pays export rebates when Community prices rise above world prices. The fund's revenue comes mainly from the Community's "own resources" — import duties, farm levies and a small percentage of value-added tax revenue.

In 1973, the Community allocated \$435 million for agricultural improvements. The Community spent some \$4.7 million on market support and export rebates.

FARM REFORM

New techniques have raised productivity in parts of the Community, but much European

British experts examine sheep before they are shipped to France. The Community has created a common market for most farm produce as well as for manufactured products.