7 CEREALS

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The cereals regime is often quoted as the classic CAP support mechanism, with its use of two principal policy measures - intervention buying to support domestic prices and variable levies to control imports. The aim of the regime is to guarantee a level of prices which producers will receive from the market. Normally these price levels are considerably higher than prices on world markets.

A. The Cereals Regime

In rather more detail the regime involves the following elements:

a) Target Prices, fixed for the main cereals (common wheat, rye, barley, maize, durum wheat) and representing the level of domestic market price it is desired that farmers should receive.

b) The Threshold Price, which is calculated mathematically from the Target Price in such a way as to ensure that imports can not undercut domestic market prices after allowing for the charges involved in unloading third country grain and transporting it inland. Variable import levies are charged on third country imports, and comprise the difference between lowest representative world offers to the Community and threshold prices. This, in effect ensures that virtually no third country grain can enter the Community at under the threshold price, and further, that most grain, except the very cheapest, will have a levy-paid price above threshold levels. Threshold prices apply for the main cereals (as above) as well as for oats, buckwheat, sorghum, millet and canary seed. The levies which enforce the threshold prices for these more minor (in Community terms) grains are, however, calculated principally by means of coefficients applied to Community barley and maize levies.

c) Intervention Prices are set below target prices (generally about 7%) and represent the level at which Member State Intervention Agencies have to accept all grain offered to them which meets certain quality and quantity standards. In other words, intervention is an open-ended purchase commitment at the given intervention price levels. Intervention is necessary as an additional support measure because of the Community's general surplus in cereals, at least for barley and feed wheat, with the consequence that control over imports alone is not sufficient to support Community market prices. Intervention, however, only applies for the major cereals which the Community produces domestically.

d) Additionally, a reference price applies for common wheat of breadmaking quality. This price is set higher than the intervention price for common wheat and carries with it a limited support commitment. For 1978/79, for at least the first three months of the season, special intervention buying support at the reference price will be available for common wheat meeting the minimum requirements for breadmaking.

e) The reference price for breadmaking wheat forms the apogee of the so-called 'silo' system for cereal support price relativities whereby feed grains have their intervention prices set at a uniform level while breadmaking wheat and rye are differentiated at substantially higher levels. The aim of the system is to allow the market to determine the appropriate price relativities between the various feed-grains while continuing to treat breadwheat as a premium cereal. Table 7.1. gives the various cereal price relativities for 1977/78 and 1978/79.

f) 'Other'Cereals are covered by the cereals regime, although not in such an institutionally detailed fashion as for the main cereals. Separate threshold prices apply for the more minor grains (Table 7.1.) in order to prevent competition for the main Community grains, but no intervention structure applies as Community production and self-sufficiency levels are lower. The cereal regime's coverage, however,is very much wider than just the whole grains,taking-in also first stage processed cereals (i.e. 'worked' cereal grains and cereal flours, brans and meals), starch containing roots (e.g. manioc), starch, gluten and malt. A full list is given in table 7.2. For all these products levies are charged on imports from third countries. These levies consist normally of two parts: *a fixed component representing a margin of protection for Community processors and a variable component derived by coefficient from the import levy for the base grain. For starch-containing roots, the base grain is assumed to be barley, although the yield of the levy is restricted to that of a 6% ad valorem duty by GATT duty binding. The current basic products, coefficients and fixed components are listed in Annex 1 of Regulation (EEC) No. 2744/75 (as amended by No. 832/76 and No. 2560/77).

g) Rice is treated an analogous fashion to the other cereals, although it has, in fact, a completely separate market support regime. The only slight difference is that the intervention prices are fixed for paddy rice, whereas the target and threshold prices are fixed for husked rice.

B. Trends in Community Supply/ Demand for Cereals and Developments in Community Cereals' Policy

The basic feature of the supply/demand situation for cereals is that the Community's overall cereal deficit is growing smaller, although the position varies from cereal to cereal. Barley and common wheat are generally in surplus;durum wheat and rye supplies are about equal to consumption; maize, sorghum and 'other' cereals are in substantial deficit, while oats is also in deficit, but on a smaller scale, (see Table 7.3 **). In general Community cereal production continues to rise because of the continuing trend to higher yields, rather than because of any increase in acreage ***. The Commission has estimated (EC, 1977,A) that production of all cereals tends to rise by about 2.5 million tonnes annually on the 1960/74

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* In the case of cereal flours, however, separate threshold prices are fixed as well.

** The trend to a decreasing overall cereals deficit is not apparent in table 3 because of the exceptionally poor Community harvests in 1975/76 and 1976/77.

*** Harvested area for cereals in the Community is relatively constant at about 27 million ha.

experience, despite the significant yield variations between years (due to weather fluctuations) which can be up to 6 million tonnes either way on a total harvest of around 100 million tonnes currently. Consumption, however, is rising rather more slowly than production. The Commission estimates the average at 1.3 million tonnes annually. It feels that the consumption increase would be larger if it were not for the displacement of cereals by imports of cereal substitutes, as discussed below.

The Community's fear is that the Community's overall net cereal deficit will change to a net surplus if these trends continue, while still leaving the Community with a substantial deficit for maize and an even larger surplus for feed wheat and barley. Consequently the Commission wishes to encourage a switch in Community cereal production towards maize and to encourage wheat and barley consumption relative to that of maize. The Commission has therefore followed a policy of raising maize prices in the cereals prices hierarchy to become par with other feed-grains, from being previously significantly below them.

For the future the Community faces some awkward choices with its cereals policy, both because of the developments within the cereals sector itself and also because of the interaction with livestock production, where the cost of animal feed is the single largest item in total production costs. This dilemma is exacerbated by the structure of the CET,whereby some cereal substitutes* are allowed in with little or no import barrier (especially manioc, where the yield of the levy is bound at the equivalent of a 6% duty under GATT): thus they are given a major price advantage against cereals which are traded within the Community at market prices which tend to be very much higher than world levels, due to the operations of the cereals regime.

Taking the problems within the cereals sector first, the most disturbing feature is the trend towards increased surpluses which involve higher budget outlays on intervention support and export restitutions to allow Community-produced cereals to be sold competitively on world markets. Despite the Community's continuing importance as a major cereal importer it is now developing as a significant cereal exporter as well. The obvious answer to this problem would be to lower cereal prices but this appears

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* Cereal substitutes are mainly alternative starch sources although at particular price ratios it can also pay to increase the usage of feeds being fed as protein sources (e.g. soya) and reduce cereal usage, thus implicitly using protein foods as cereal substitutes in compound animal feedingstuffs. The major items are manioc, bran, maize, gluten, waste products from the sugar,cereal milling and brewing industries and various fruit wastes. Cereal substitutes complicate the position as they help compounders lower the price of animal feeds, but at the expense of the usage of Community produced cereals. As a result, internal market prices for cereals are weakened and larger quantities of Community cereals have to be dumped at great expense on world markets. The import of cereal substitutes has risen substantially in recent years as the differentials between Community and world price levels have opened-out again after the 1972/74 world commodity boom, and the manufacture of animal feedingstuffs by compounders has developed: compound production has trebled since the early 1960s. Compounders with their use of 'least-cost' ration formulations are able to incorporate cereal substitutes without altering the nutritional value of the feedingstuffs in a way which was not possible when farmers were mixing rations themselves.

TABLE 7.1.

Main Support Prices in the Cereals Regime (ua/tonne)

		Common Wheat	Durum Wheat	Barley	Rye	Maize
Target Price	1977/78	158.08	224.27	144.97	155.12	144.97
	1978/79	162.39	224.27	147.23	155.12	147.23
Single Intervention Price	1977/78	120.06	203.01	120.06	128.96 ***	118.03
	1978/79	121.57	203.01	121.57	130.25	121.57
Reference Price for Breadmaking Wheat	1977/78	135.59*				
	1978/79	136.96*				
Threshold Price	1977/78	155.15	221.30	142.00	152.15	142.00
	1978/79	159.40	221.30	144.25	152.15	144.25
Aid	1977/78		60ua/ha**			
	1978/79		63ua/ha**			

		Oats	Buckwheat, Sorghum, Millet, canary seed
Threshold Price	1977/78	136.60	139.80
	1978/79	138.75	142.00

		Wheat Flour	Rye Flour	Common Wheat Groats and Meal	Durum Wheat Groats and meal
Threshold Price	1977/78	239.35	237.00	258.50	351.50
	1978/79	245.30	237.00	264.90	350.90

Notes: * Common wheat of break-making quality, satisfying only the minimum bread-making requirements.

** Limited to certain areas of the Community.

*** Premium for bread-making rye 4.50 ua/tonne.

TABLE 7.2.

The coverage of first-stage processed cereal products by the Cereals Regime

CCT heading No.	Description
07.06 A	Manioc, arrowroot, salep and other similar roots and tubers with high starch content, excluding potatoes.
ex 11.01	Cereal flours C. Barley flour D. Oat flour E. Maize flour G. Other
ex 11.02	Cereal groats and cereal meal; other worked cereal grains (for example,rolled,flaked,polished or kibbled but not further prepared), except rice falling within heading No. 10.06; germ of cereals, whole, rolled, flaked or ground.
	ex A. Cereal groats and cereal meal, except groats and meal of wheat and rice. B. Hulled grains (shelled or husked), whether or not sliced or kibbled. C. Pearled grains. D. Grains not otherwise worked than kibbled. ex E. Rolled grains, flaked grains except flaked rice. ex F. Pellets, except rice pellets. G. Germ of cereals,whole,rolled flaked or ground.
11.04 C	Flour and meal of sago and roots and tubers falling within heading No. 07.06.
11.07	Malt, toasted or not.
ex 11.08 A	Starches I. Maize starch III. Wheat starch IV. Potato starch V. Other.
11.0	Wheat gluten, whether or not dried.
17.02 B	Glucose and glucose syrup: 11. Other
21.07 F11	Glucose syrup, flavoured or coloured.
23.02 A	Bran, sharps and other residues derived from sifting, milling or working of cereals.
23.03 A1	Residues from the manufacture of starch from maize. (excluding concentrated steeping liquors), of a protein content,calculated on the dry product, exceeding 40% by weight.
23.07	Sweetened forage, other preparations of a kind used in animal feeding: ex B. Other, containing starch,glucose or glucose syrup, falling within subheadings 17.02 B and 21.07 F 11 or milk products (falling within heading No. 04.01, 04.02, 04.03 or 04.04, or within subheading 17.02A or 21.07 F1), except preparations and feedingstuffs containing 50% or more by weight of milk products falling within one or more of the above-mentioned headings or subheadings.

Source: Annex A of Regulation (EEC)No.2727/75 as amended by No.2560/77.

TABLE 7.3a

Total supplies of Durum Wheat and Common Wheat

(August-July)

Item	Durum Wheat			Common Wheat		
	1,000 tonnes			1,000 tonnes		
	1974/75	1975/76	1976/77	1974/75	1975/76	1976/77
Usable production	3,388	4,214	3,516	41,536	33,495	35,319
Change in stocks	455	667	n.a.	2,488	-2,777	500
Imports	1,364	989	665	4,248	4,394	3,233
Exports	186	292	383	7,470	7,448	4,441
of which intra-EC trade	404	543	n.a.	4,794	6,598	n.a.
Internal use of which:	4,111	4,244	4,108	35,826	33,218	33,611
- animal feed	0	0	n.a.	12,188	9,489	9,812
- seed	260	357	272	1,537	1,611	1,461
- industrial use	0	4	n.a.	159	180	210
- losses (market)	32	40	38	252	236	254
- human consumption(grain)	3,819	3,843	3,798	21,690	21,702	21,874
Human consumption of processed grain	2,818	2,829	n.a.	16,358	16,249	n. a.
Human consumption(kg/head)	11.0	10.9	10.8	63	63	63
Degree of self-supply (%)	82	99	85.6	116	101	105

TABLE 7.3b

Total supplies of barley and rye

(August-July)

Item	Barley			Rye		
	1,000 tonnes			1,000 tonnes		
	1974/75	1975/76	1976/77	1974/75	1975/76	1976/77
Usable production	34,476	32,128	29,751	3,266	2,784	2,819
Change in stocks	906	-1,222	- 194	- 151	- 143	48
Imports	1,248	2,053	3,928	256	201	238
Exports	2,638	4,135	2,067	106	92	35
of which intra-EC trade	3,837	3,688	n.a.	98	126	n.a.
Internal use of which:	32,180	31,268	31,806	3,265	3,036	2,974
- animal feed	24,559	24,148	24,537	1,775	1,598	1,496
- seed	1,460	1,385	1,437	143	141	152
- industrial use	5,620	5,220	5,370	49	45	47
- losses(market)	417	387	342	26	26	28
- human consumption(grain)	124	128	120	1,272	1,226	1,251
Human consumption of processed grain	68	71	n.a.	1,070	1,028	n.a.
Human consumption(kg/head)	0.3	0.3	0.3	4.0	4.0	4.1
Degree of self-supply (%)	107	103	93.5	100	92	94.8

TABLE 7.3c

Total supplies of other cereals (excluding rice)
(August-July)

Item	Other Cereals		
	1,000 tonnes		
	1974/5	1975/76	1976/77
Usable production	320	342	310
Change in stocks	8	-3	-22
Imports	1,227	1,703	1,471
Exports	27	29	245
of which intra-EC trade	452	994	n.a.
Internal use of which:	1,511	2,019	1,558
- animal feed	1,466	1,932	1,532
- seed	6	6	6
- industrial use	27	68	12
- losses (market)	6	8	3
- human consumption (grain)	5	5	5
Human consumption of processed grain	3	3	n.a.
Human consumption (kg/head)	0	0	0
Degree of self-supply (%)	21	17	19.9

TABLE 7.3d

Total supplies of maize, oats and summer cereal mixtures
(August - July)

Item	Maize			Oats and summer cereal mixtures		
	1,000 tonnes			1,000 tonnes		
	1974/75	1975/76	1976/77	1974/75	1975/76	1976/77
Usable production	14,406	14,031	11,319	9,835	9,356	6,954
Change in stocks	325	-1,046	66	107	- 333	n.a.
Imports	12,535	11,977	19,974	333	257	952
Exports	297	451	3,213	83	134	191
of which intra-EC trade	5,987	5,883	n.a.	191	227	n.a.
Internal use of which:	26,319	26,602	28,014	9,978	9,812	7,661
- animal feed	20,902	21,424	22,649	9,208	9,090	7,010
- seed	163	184	156	446	391	338
- industrial use	·	·	n.a.	0	0	0
- losses (market)	128	138	123	39	32	26
- human consumption(grain)	1,062	1,265	884	285	299	287
Human consumption of processed products	739	878	n.a.	156	164	n.a.
Human consumption(kg/head)	2.9	3.4	2.4	0.6	0.6	0.5
Degree of self-supply (%)	55	53	40.4	99	95	90.5

politically impossible at present, given Germany's strength in the Community and the fact that it has always been German policy to insist on high cereal prices (Priebe,1972). The Commission has consequently followed an alternative policy of first adjusting the relationship of cereal support prices to encourage the production of deficit cereals (maize) and reduce the production of surplus cereals (barley and feed wheat) and second, keeping the price of animal feeding-stuffs relatively low so as to encourage cereal usage in animal feed.

But in turn this policy conflicts with dairy policy, in particular, where the Commission is trying to reduce dairy surpluses and believes that the relative cheapening of animal feeding stuff prices since 1974 has helped encourage the expansion of dairy production (EC,1977,A.) Apparently the Commission has considered raising the relative costs of feed as a means of restraining milk production, but so far has rejected this option as, according to one of its senior officials,it is committed to maintaining "the best and cheapest supply of animal feed for livestock farmers consistent with the interests of producers of cereals and protein products" (Williamson, 1978). Presumably the Commission would also be concerned with the implications for consumer meat prices of any rise in the relative level of feed prices. The Commission has the difficult task of attempting to balance the interests of cereal and dairy producers. If it raises cereal prices it worsens dairy profit margins and potentially encourages the production of cereal surpluses: conversely if it attempts to keep cereal prices relatively low it risks encouraging the production of dairy surpluses if it cannot, at the same time, cut milk prices.

TABLE 7.3e

Total supplies of all cereals(excluding rice) and all rice

(August-July)

Item	All cereals excluding rice			All Rice *		
	1,000 tonnes			1,000 tonnes		
	1974/75	1975/76	1976/77	1974/75	1975/76	1976/77
Usable production	107,227	96,351	89,988	860	827	732
Change in stocks	4,440	-4,857	142	- 80	19	87
Imports	21,210	21,574	30,461	415	612	658
Exports	10,807	12,582	10,575	291	299	242
of which intra-EC trade	15,763	18,058	n.a.	342	408	n.a.
Internal use of which:	113,190	110,200	109,732	972	1,147	1,061
- animal feed	70,090	67,681	67,036	42	70	13
- seed	4,015	4,075	3,822	33	33	34
- industrial use	n.a.	n.a.	n.a.	36	51	45
- losses (market)	900	867	815	3	4	4
- human consumption(grain)	28,257	28,468	28,219	858	989	965
Human consumption of processed grain	21,212	21,222	n.a.	n.a.	n.a.	n.a.
Human consumption(kg/head)	82	82	81	2.5	3.0	3.0
Degree of self-supply (%)	95	87	82	88	72	69

Note: * In terms of husked rice.

Source: Eurostat.

Consequently, it is not surprising that the Council of Agriculture Ministers at the 1978/79 price-fixing decided that the Commission should "accelerate its study of 'cereal substitutes', including manioc, with a view to an early decision on any necessary measures, if appropriate". (EC 1978 D).

C. The Place of Cereals in ACP States

In general the ACP States are cereal importers rather than exporters (table 7.5). Cereal production, although on an extensive scale in several ACP States, has not developed to a sufficient extent to allow substantial exports. The cereals produced tend to be concentrated on millet and sorghum, rather than the Community's principal grains - wheat, barley. The only grains produced in common by both groups of countries are rice and maize. Rice production is concentrated in only a few ACP States where conditions are suitable.

Many ACP States do not rely only on cereals for their main carbohydrate foodstuffs. For most of them the production of roots and tubers is of equal or even greater importance (table 7.5). Unfortunately no data are readily available on international trade in these products. The overall impression is of there being extensive cereal and starchy root production throughout the ACP States, but of there being very limited quantities entering international trade. Thus, only for Guyana, Lesotho, Madagascar and Surinam (table 7.6) have cereal exports - principally rice - formed more than 5% of total merchandise exports during the 1970's. Consequently it is not surprising that the ACP States have not emerged as major Community suppliers of cereals, apart from rice, where ACP supplies are significant (table 7.7).

It is rather more surprising, however, that the ACP States have not yet emerged as major suppliers of cereal substitutes. Community supplies of manioc, for example, are principally derived from Thailand, mainly a reflection of investment by Community firms there, starting in the 1960s. Given the expansion in Community imports of cereal substitutes, there is obviously a potential market in the Community provided that its existing policies are maintained. This could turn out to be limited in time as, at some stage, it is likely that the Community will act to reduce the difference.

TABLE 7.4.

Community Imports of Cereal Substitutes

(1000 tonnes)

Products	1974	1975	1976	1977 estimated
1. Manioc	2,250	2,337	3,039	3,792
2. Waste products of mills (maize and rice) plus bran (from wheat and maize)	1,209	1,504	2,256	1,880
3. Maize gluten feed meal	694	930	1,147	1,480
4. Waste products of sugar industry (beet chips)	138	187	394	(280)
5. Waste products of brewing industry etc	64	57	95	-
6. Fruit waste products (grape skins excluded)	340	490	665	940*
7. Other vegetable products/waste	21	56	136	
Total	4,716	5,561	7,732	8,372

Note: * mostly citrus pellets.

Source: European Report, No. 514, Brussels, June 14, 1978.

between internal Community market prices and world prices for cereals. Such action will tend to reduce the size of the potential Community market for cereal substitutes - and the Community may take direct action to control the import of cereals substitutes more immediately in any case.

D. Concessions for the ACP States

At present the Community concessions on the imports of cereals from the ACP States are minimal. They are however, of more significance for processed cereal and rice products. It is not clear whether this structure of concessions reflects fully the thrust of ACP requests when the Lomé Convention was being negotiated or whether difficulties were met on securing concessions for the whole grains. That the Community should find it more difficult to grant concessions for the whole grains would be consistent with its particular unwillingness to grant agricultural trade concessions where the interests of its farmers are most directly involved; with the first-stage processed products the connection has been accepted as being rather more indirect,although this view is now under challenge because of the increasing usage of cereal substitutes in Community-produced compound animal feedgingstuffs.

For the whole grains, the ACP States have the Community import levy reduced by symbolic 1.5ua/tonne for maize and more useful 50% for millet and grain sorghum. On all the first-stage processed products from cereals (i.e. the full list given in table 7.2) the fixed component of the levy is not charged on ACP imports. Additionally the variable component of the import levy is reduced by: (a) 1.5ua/tonne on imports of starch-containing roots (CCT 07.06 A) and eliminated entirely for arrowroot; (b) 3.0 ua/tonne on imports of flours and meals of the starch-containing roots (CCT 11.06) and eliminated entirely for flours and meal of arrowroot; (c) 50% for 'other' starches (CCT 11.08 A.V.) and eliminated entirely for arrowroot starch.

The concessions for rice are more complex, as table 7.8 makes clear.

E. Points for the Negotiations

For cereals the ACP States' main preoccupation is probably not so much securing further Community import concessions, as to securing guarantee of supply by the Community. Although the Community already has a substantial food aid programme, there ought to be some scope for introducing long-term supply commitments by the Community.* Such contracts were tried betwen the Community and Egypt and Iran in 1975. They were not successful at the time, primarily because of the Community's inflexibility over the effects of the agri-monetary system on the prices it was able to quote. A more flexible pricing arrangement should be possible, however, for the Community in any longer-term supply arrangement with the ACP States.

On Commurity import concessions for cereals and rice the ACP States could press for an equivalent arrangement to that applied for beef. There the Community import levy is charged in the ACP State before export and the funds retained. This system enables the ACP States to maintain their access to the Community market at its internal market levels, but to tax a large part of the difference between Community and world levels for use by the ACP Governments. Such a system also fits with the Community's objectives of not threatening the CAP and Community farmers, while helping

* The recent agreement by the Commission to supply the ACP States with essential foodstuffs at the most advantageous and stable prices is a step in this direction (EC,1978,C), but could be made permanent by incorporation in Lomé II.

TABLE 7.5

1976 ACP Production and Trade in Cereals;
Production of Roots and Tubers

(1000 tonnes)

	Cereals			Roots and Tubers Production *
	Production	Import	Export	
Bahamas	n.a.	18	-	n.a.
Barbados	2	35	...	n.a.
Benin	315	30	...	938
Botswana	123	35	...	6
Burundi	331	10	...	1,937
Cameroon	765	74	1	2,009
Cape Verde	17	28	...	24
Central African Emp.	93	17	...	912
Chad	585	19	...	104
Comoros	19	10	...	95
Congo	22	79	...	860
Djibouti	n.a.	26	...	n.a
Equatorial Guinea	n.a.	3	...	79
Ethiopia	5,161	16	...	975
Fiji	29	54	...	142
Gabon	4	29	...	233
Gambia	84	50	...	9
Ghana	607	162	n.a	3,830
Grenada	...	8	...	...
Guinea	770	41	...	660
Guinea-Bissau	68	20	...	78
Guyana	274	83	80	21
Ivory Coast	652	119	10	3,104
Jamaica	16	427	...	223
Kenya	1,946	11	119	1,482
Lesotho	251	49	2	9
Liberia	230	54	...	355
Madagascar	1,939	113	4	1,854
Malawi	1,338	43	7	178
Mali	1,150	59	...	85
Mauritania	69	137	...	5
Mauritius	2	177	...	11
Niger	1,539	69	50	312
Nigeria	8,402	863	...	28,230
Papua-New Guinea	5	93	...	1,034
Rwanda	208	9	...	1,276
Sao Tome Principe	n.a.	5	...	10
Senegal	714	285	8	123
Seychelles	n.a.	8	...	1
Sierra Leone	613	46	...	108
Somalia	247	111	...	32
Sudan	2,571	195	20	311
Surinam	175	40	57	2
Swaziland	117	15	2	15
Tanzania	2,701	97	...	5,632
Togo	274	14	...	887
Tonga	n.a.	7	...	90
Trinidad and Tobago	25	221	6	22
Uganda	1,848	17	...	1,690
Upper Volta	1,193	41	3	125
Western Samoa	..	7	...	31
Zaire	676	457	...	10,213
Zambia	832	171	17	184

Source: Food & Agriculture Organization, Production and Trade Yearbooks, 1976, Rome 1977.

* These figures are inevitably very rough estimates, since most roots and tubers produced in Africa are home-consumed, making production very difficult to calculate.

TABLE 7.6.

ACP States where cereals have formed more than 5% of total merchandise exports in at least one out of the latest five years for which statistics are available

ACP State and Cereal	Share of Total Exports			Statistical Period
	5-year Average	Highest % in any one year	Lowest % in any one year	
Guyana				
Rice	9.8%	13.6%	8.2%	1972-1976
Lesotho				
Wheat	11.3%	21.9%	2.3%	1970-1974
Madagascar				
Rice	2.6%	5.0%	0.8%	1971-1975
Surinam				
Rice	7.0%	10.2%	2.6%	1972-1976

Source: Statistical office of the European Communities, ACP Statistical Yearbook 1970-1976, Eurostat, Luxemburg, 1978.

TABLE 7.7.

The Significance (1) of the ACP States as Suppliers

Of Cereals and Cereal Substitutes (2) to the EEC

CCT No.	Product	Source (3)	1974 Imports (tonnes)	1974 %	1975 Imports (tonnes)	1975 %
0706 3000	Roots and tubers with a high starch content (includes manioc)	A	19,987	1.0	11,623	0.5
		B	2,072,618	100.0	2,222,206	100.0
1006 2700	Husked long grain rice(4)	A	20,480	11.0	31,833	13.7
		B	186,809	100.0	231,746	100.0
1006 4700	Milled long grain rice(4)	A	11,369	11.5	8,469	13.0
		B	99,016	100.0	65,296	100.0
1006 5000	Broken Rice (4)	A	9,572	20.0	9,777	14.7
		B	47,820	100.0	60,035	100.0
1007 9100	Millet	A	-	-	808	0.9
		B	70,857	100.0	90,232	100.0
1007 9500	Sorghum	A	13,560	0.8	10,027	0.6
		B	1,673,369	100.0	1,779,415	100.0
1007 9900	"Other" cereals	A	-	-	1,638	86.9
		B	2,051	100.0	1,884	100.0
1102 9800	Cereal germ, other than wheat	A	-	-	2,584	54.5
		B	3,390	100.0	4,738	100.0
1108 5000	Starch from other sources than maize,rice,wheat or potatoes	A	6,359	17.8	2,287	11.6
		B	35,762	100.0	19,652	100.0
2302 1085	Residues of maize and rice milling	A	13,294	5.7	2,779	1.0
		B	232,754	100.0	266,958	100.0
2302 1345	Milling residues of other cereals	A	115,085	11.8	151,216	12.2
		B	975,868	100.0	1,237,405	100.0

Notes: (1) Items are listed where any ACP imports occured in 1974 or 1975.

(2) Only cereals, cereal by-products and alternative starch sources are covered. Other products can be used as cereal substitutes in compound animal feedingstuffs, but these are normally included in compounds for other attributes they may have (e.g. soya for protein).

(3) A = Community imports from ACP States.

B = Total Community imports from third countries.

(4) Figures for Surinam have been included in ACP totals.

Source: Statistical office of the European Communities, Analytical Tables of Foreign Trade (NIMEXE), Luxemburg, annual volumes.

the development of the ACP States by allowing them to keep part of the Community's import levies. The loss involved would be a minor one for the Community - in terms of levy revenue not collected - and one that the Budget should be able to afford given the political will by the Member States.

In the case of cereal substitutes, the ACP States have a major interest in ensuring that the Community does not increase the size of the charges levied on imports as, for example, it is threatening to do on bran at present. This is not so much because the ACP States are currently in a position to make a major use of these concessions, but in order to maintain the situation for the future when ACP export availabilities of at least some of the substitutes may be expected to increase. However, if the ACP States are to develop their exports in this area it will involve significant investment in the appropriate machinery. The essential point is that under its present policies, the Community has a growing market for cereal substitutes which the ACP States are not yet able to exploit themselves.

TABLE 7.8

Community Concessions to the Charges

Applied to Rice Imports from the ACP States

CCT No.	Product	Concession
		Reduction of the third country levy
10.06.AI	paddy rice	-for paddy rice by 50% and 0.30ua,
10.06.AII	husked rice	-for husked rice by 50% and 0.30 ua,
10.06	semi-milled or wholly milled rice	-for milled rice -by the component for the protection of the processing industry by 50% and 0.45ua, -for semi milled rice -by the component for the protection of the processing industry converted according to the conversion rate for milled rice by 50% and 0.45 ua%
10.06 C	broken rice	-for broken rice by 50% and 0.25 ua (This exception is valid for goods whose CIF offer price, adjusted by reference to possible differences in quality compared with the standard quality for which the threshold price is fixed, is at least equal to a special CIF price for each product fixed for imports of rice originating in the ACP or OCT. In the event of a quantity equal to the amount of the average imports into the EEC from the same sources over the last three years for which statistics are available being exceeded, plus 5%, total or partial suspension of the exception).