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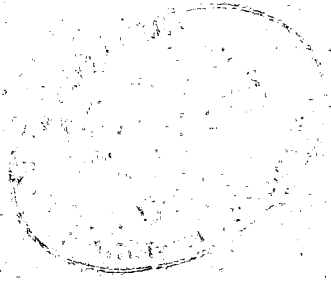
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**INTERNATIONAL  
JOURNAL OF  
AGRARIAN AFFAIRS**

Vol. III, No. 5, June 1963



**Agriculture  
and the  
European  
Common Market**

**I**

*Produced by the  
University of Oxford Institute of Agrarian Affairs  
in conjunction with the International Association  
of Agricultural Economists*

Price 10s. 6d. net

**OXFORD UNIVERSITY PRESS**

**LONDON**

# TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY AGRICULTURE

## ARTICLE 39

1. The common agricultural policy shall have as its objectives:
  - (a) to increase agricultural productivity by developing technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, particularly labour;
  - (b) to ensure thereby a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture;
  - (c) to stabilise markets;
  - (d) to guarantee regular supplies; and
  - (e) to ensure reasonable prices in supplies to consumers.
2. In working out the common agricultural policy and the special methods which it may involve, due account shall be taken of:
  - (a) the particular character of agricultural activities, arising from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
  - (b) the need to make the appropriate adjustments gradually; and
  - (c) the fact that in Member States agriculture constitutes a sector which is closely linked with the economy as a whole.

## ARTICLE 40

1. Member States shall gradually develop the common agricultural policy during the transitional period and shall establish it not later than at the end of that period.
2. With a view to achieving the objectives set out in Article 39, a common organisation of agricultural markets shall be effected.

This organisation shall take one of the following forms according to the products concerned:

  - (a) common rules concerning competition;
  - (b) compulsory co-ordination of the various national market organisations; or
  - (c) a European market organisation.

3. The common organisation in one of the forms mentioned in paragraph 2 may comprise all measures necessary to achieve the objectives set out in Article 39, in particular, price controls, subsidies as to the production and marketing of various products, arrangements for stockpiling and carry-forward, and common machinery for stabilising importation or exportation.

The organisation shall confine itself to pursuing the objectives set out in Article 39 and shall exclude any discrimination between producers or consumers within the Community.

A common price policy, if any, shall be based on common criteria and on uniform methods of calculation.

4. In order to enable the common organisation referred to in paragraph 2 to achieve its objectives, one or more agricultural orientation and guarantee funds may be established.

#### ARTICLE 41

In order to permit the achievement of the objectives set out in Article 39, provision may be made within the framework of the common agricultural policy for, *inter alia*:

- (a) an effective co-ordination of efforts undertaken in the spheres of occupational training, research and the popularisation of rural economy, which may involve projects or institutions financed jointly; and
- (b) common action for the development of the consumption of certain products.

#### ARTICLE 42

The provisions of the Chapter relating to the rules of competition shall apply to the production of and trade in agricultural products only to the extent determined by the Council within the framework of the provisions and in accordance with the procedure laid down in Article 43, paragraphs 2 and 3, due account being taken of the objectives mentioned in Article 39.

The Council may, in particular, authorise the granting of aids:

- (a) for the protection of enterprises handicapped by structural or natural conditions; and
- (b) within the framework of economic development programmes.

## ARTICLE 43

1. In order to formulate the guiding lines of a common agricultural policy, the Commission shall, upon the date of the entry into force of this Treaty, convene a conference of Member States, with a view to comparing their agricultural policies by drawing up, in particular, a statement of their resources and needs.

2. The Commission, taking due account of the work of the conference provided for in paragraph 1, shall, after consulting the Economic and Social Committee and within a period of two years after the date of the entry into force of this Treaty, submit proposals concerning the working out and putting into effect of the common agricultural policy, including the substitution of national organisations by one of the forms of common organisation provided for in Article 40, paragraph 2, as well as concerning the putting into effect of the measures specially mentioned under this Title.

These proposals shall take due account of the interdependence of the agricultural questions raised under this Title.

The Council, acting during the first two stages by means of a unanimous vote and subsequently by means of a qualified majority vote on a proposal of the Commission and after the Assembly has been consulted, shall issue regulations or directives or take decisions, without prejudice to any recommendations which it may take.

3. The common organisation provided for in Article 40, paragraph 2, may, under the conditions provided for in the preceding paragraph, be substituted for national market organisations by the Council acting by means of a qualified majority vote:

- (a) if the common organisation offers to Member States which are opposed to this measure and which possess a national organisation of their own for the production concerned, equivalent guarantees regarding the employment and standard of living of the producers concerned, due account being taken of the time-factor in respect of possible adjustments and of necessary specialisations; and
- (b) if such organisation ensures for exchanges within the Community conditions similar to those existing in a domestic market.

4. If a common organisation is created for certain raw materials at a time when no common organisation yet exists for the corresponding

processed products, the raw materials concerned which are used for processed products destined for export to third countries may be imported from outside the Community.

## ARTICLE 44

1. In the course of the transitional period and to the extent that the progressive abolition of customs duties and quantitative restrictions between Member States may result in prices likely to jeopardise the achievement of the objectives set out in Article 39, each Member State shall be permitted to apply to certain products, in a non-discriminatory manner and in substitution for quotas, to such an extent as shall not impede the expansion of the volume of trade provided for in Article 45, paragraph 2, a system of minimum prices below which imports may be:

- temporarily suspended or reduced; or
- made conditional on their price being above the minimum price fixed for the product concerned.

In the second case, the minimum prices shall not include customs duties.

2. The minimum prices shall not be such as to lead to a reduction of exchanges existing between Member States at the date of the entry into force of this Treaty and shall not be an obstacle to a progressive expansion of such exchanges. The minimum prices shall not be applied in such a manner as to be an obstacle to the development of a natural preference between the Member States.

3. Upon the entry into force of this Treaty, the Council, acting on a proposal of the Commission, shall determine objective criteria for the establishment of minimum price systems and for the fixing of such prices.

The criteria shall, in particular, take account of average national costs of production in the Member State applying the minimum price, of the situation of the various enterprises in relation to such costs and of the need for promoting both the progressive improvement of agricultural operations and the adjustments and specialisations necessary within the Common Market.

The Commission shall also propose a procedure for revision of these criteria in order to take into account and accelerate technical progress and in order progressively to approximate prices within the Common Market.

These criteria and the procedure for revision shall be determined by means of a unanimous vote of the Council in the course of the first three years after the date of the entry into force of this Treaty.

4. Until the Council's decision takes effect, Member States may fix minimum prices on condition that they previously communicate them to the Commission and to the other Member States in order to enable them to submit their comments.

As soon as the Council has taken its decision, Member States shall fix minimum prices on the basis of the criteria established under the conditions mentioned above.

The Council, acting by means of a qualified majority vote on a proposal of the Commission, may correct the decisions taken if they do not conform to the criteria so determined.

5. From the beginning of the third stage and in cases where it has not yet been possible in respect of certain products to establish the above objective criteria, the Council, acting by means of a qualified majority vote on a proposal of the Commission, may modify the minimum prices applied to these products.

6. At the expiry of the transitional period, a table of minimum prices still in force shall be drawn up. The Council, acting on a proposal of the Commission by means of a majority of nine votes in accordance with the weighting provided for in Article 148, paragraph 2, first subparagraph, shall determine the system to be applied within the framework of the common agricultural policy.

#### ARTICLE 45

1. Until the substitution of the national organisation by one of the forms of common organisation provided for in Article 40, paragraph 2, the development of exchanges in respect of products for which there exist in certain Member States:

provisions designed to guarantee to national producers a sale of their production, and  
a need of imports,

shall be pursued by the conclusion of long-term agreements or contracts between exporting and importing Member States.

Such agreements or contracts shall be directed towards the progressive abolition of any discrimination in the application of these provisions to the various producers within the Community.

The conclusion of such agreements or contracts shall take place in the course of the first stage; due account shall be taken of the principle of reciprocity.

2. With regard to quantities, such agreements or contracts shall take as their basis the average volume of exchanges between Member States in the products concerned during the three years preceding the date of the entry into force of this Treaty and shall provide for an increase in that volume within the limit of existing requirements, due account being taken of traditional trade currents.

With regard to prices, such agreements or contracts shall enable producers to dispose of the agreed quantities at prices progressively approximating to those paid to national producers in the home market of the purchasing country.

This approximating of prices shall proceed as steadily as possible and shall be completed not later than at the end of the transitional period.

Prices shall be negotiated between the parties concerned within the framework of directives drawn up by the Commission for the implementation of the preceding two sub-paragraphs.

In the event of the first stage being extended, such agreements or contracts shall continue to be carried out under the conditions applicable at the end of the fourth year after the date of the entry into force of this Treaty, while the obligations to increase quantities and to approximate prices shall be suspended until entry on the second stage.

Member States shall avail themselves of any possibilities offered to them as a result of their legislative provisions, particularly as regards import policy, with a view to ensuring the conclusion and carrying out of these agreements or contracts.

3. To the extent that Member States require raw materials for the production of goods destined for export outside the Community in competition with producers in third countries, such agreements or contracts shall not be an obstacle to imports, for this purpose, of raw materials coming from third countries. This provision shall not apply if the Council decides by means of a unanimous vote to grant the payments necessary to compensate, in respect of imports effected for this purpose on the basis of such agreements or contracts, for the excess price paid in comparison with the delivery prices of the same supplies obtained on the world market.



ARTICLE 46

Where in a Member State a product is the object of a national market organisation or of any internal regulation with equivalent effect, either of which affects the competitive position of a similar production in another Member State, a countervailing charge on entry shall be applied by Member States on this product when it comes from the Member State where such organisation or regulation exists, unless that State levies a countervailing charge on exit.

The Commission shall fix the amount of these charges, to the extent necessary to re-establish the balance; it may also authorise recourse to other measures of which it shall determine the conditions and particulars.