MINISTERIE VAN LANDBOUW, VISSERIJ EN VOEDSELVOORZ. Dossier No., CS 11.1.0. 3022 XSCOMMIXSAXIX XXXXXX RIX Directie Internationale Rubricering 25 G/G/X/DGX Organisaties Onderafdeling/Bureau: XXXXXXXXX 5 dd. dd. dd. dd. dd. dd. XXXXXXXXXX Verzenden Getypt Coll. Typew. Resumptie Verzonden Redacteur: Coll. odd. Pf. Mu dd. pf. 3/11 Dr. Samkalden Medezenden Brief/Nota/Aantal afschriften 3) Aantal afschriften Drukwerk: Formaat Bericht op schr. d.d. Vervolg op schr. d.d. Betreffende: Dagtekening November integration of European agriculture Mr. H. Hauch Minister of Agriculture Slotholmsgade 10 Købnhavn Strictly confide Denmark

Sir,

The economic problems, which should be solved by the western European countries with the utmost exertion, if the peoples of these nations are to live in comparative prosperity in the future, also largely concern the agriculture of these countries. For a long time already I have been contemplating an acceptable way of tackling these agricultural problems. At long last I thought it would be possible to draft a number of principles on which a more intensive European co-operation might be based.

The underlying principle is that the agricultural industry will have to contribute to the further recovery of the European economy, i.e. to the raising of the standard of living and to the restoration of the equilibrium in the balance of payments of the European countries. This contribution will have to take the form of an increased, and as efficient as possible.

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production.

To my mind this will mainly be achieved by eliminating the uncertainty that exists in respect of prices and markets, under which agriculture is labouring in many cases, and by lifting some the trade barriers in the goods traffic between the countries of western Europe. The lifting of these trade barriers will have to be carried out with great circumspection, so as not to dislocate the agriculture of some of the countries and not to create too great an apposition in those countries where agriculture is relatively underdeveloped.

When the protective measures in the European countries were brought under the control of a European authority, this would already be an important move in the right direction. In this way the excesses of protectionism could be eliminated, while at the same time the limit of the admissable protection

could he gradually brought down.

A price stabilization as referred to above could be effected in the intra-European goods traffic, if a European body could determine at what price or between what price limits the products could be interchanged between the countries of Western Europe. This interchange price need not necessarily determine the national price level, because the possibility remains to take additional national steps that may influence the price level.

It would, however, be the basis for an appreciable extension of the trade in agricultural products between European countries.

The stabilization of prices, which is of paramount importance in agriculture should, in my opinion, also be furthered by giving this European body the authority and the means to purchase and temporarily to store surplus stocks.

Finally this body should have a co-ordinating function in respect of the imports of agricultural products from countries outside Western Europe. I am not only referring to the quantities to be admitted, which will have to depend on the production capacity of the European countries and on the available funds, but to the price at which these products will come on the European market.

This price will have to correspond with the interchange price referred to above. In some cases, therefore, a levy will have to be imposed, in others a subsidy may be called for. These European levies and subsidies, like the other receipts and expenditure of the European body, should be for the account of or be paid

into a European agricultural fund.

It will be clear that the matter of the powers of this body is of the greatest importance. To my mind, it would be necessary, if the scheme is to function smoothly, that these decisions can be taken by this body, even when certain participating countries should be of an opinion deviating from that of the majority.

It cannot be denied that this will tend to

It cannot be denied that this will tend to restrict the economic sovereignty which, by the way, has already been restricted by prevailing

conditions.

The extent of this restriction may vary and

will have to be further investigated.

At the same time steps will have to be taken to maintain the democratic control of the policy to be adopted by the European body.

I fully realise that this brief exposition

on a problem with so many aspects will leave

many questions unanswered.

I consider it, however, of front rank importance that we unofficially exchange viewson its basic principles, in order to prepare a certain measure of agreement between the countries of western Europe that are most important in this respect, before the suggestions are officially discussed in detail on an international basis. In case I should have succeeded in rousing your interest in this problem, I would welcome any opportunity of a personal discussion with you of this matter, which is of vital importance both to your and my country.

Finally I would appreciate it very much, indeed, if you would consider the information that is herewith transmitted as strictly

confidential.

Accept Sir, the assurances of my highest consideration,

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD.

(S.L. Mansholt)