AGRICULTURAL POLICY

Draft Report of Committee II on the Consultation with Czechoslovakia

1. In accordance with the decision adopted by the CONTRACTING PARTIES at their fourteenth session that consultations should be held with the individual contracting parties regarding their agricultural policies, the Committee carried out the consultation with Czechoslovakia. The Committee had before it:

   (i) document COM.II/2(z) dated 25 January 1960 and COM.II/2(z)/Add.1 dated 3 May 1960 which contained a synopsis supplied by the Government of Czechoslovakia of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers; and

   (ii) document COM.II/69 dated 2 May 1960 which contained detailed information, also supplied by the Government of Czechoslovakia, on commodities entering importantly into international trade.

In conducting the consultation, the Committee followed the plan for consultations contained in Annex A to COM.II/5 and adopted by the CONTRACTING PARTIES at their fourteenth session. The consultation was completed on 19 May 1960.

A. General Agricultural Policies

2. In his opening statement, the representative of Czechoslovakia explained that the share of agricultural production in the national income of Czechoslovakia had decreased from 17 per cent in 1948 to 10 per cent in 1958 due to the rapid expansion of industry. Czechoslovakia had only 0.55 hectares of agricultural land and 0.38 hectares of arable land per capita. Of the total number of persons employed, approximately 29 per cent were employed in agriculture in 1958 whereas of the total population only 10 per cent worked in agriculture. Possibilities were limited for any further expansion of acreage of agricultural land in Czechoslovakia. Consequently, the only way open for the expansion of agricultural production was an intensification of agricultural production based upon the best utilization of land and climate and the most rational specialization.

3. In the period immediately following the war, the volume of Czechoslovakian agricultural production was very low; the area of agricultural land had decreased by 380,000 hectares and a serious shortage of labour was experienced. The flow of
active farming population into industry since 1958 reached half a million persons emphasized the necessity of introducing intensive mechanization into agriculture. The Czechoslovakian system of co-operatives and State farms succeeded in organizing the large-scale production necessary for a substantial growth of the forces of production. By the end of 1959, 73 per cent of agricultural land was cultivated by co-operative farms and a further 11 per cent by State farms.

4. Since the co-operative movement started some ten years ago, the volume of agricultural production had increased by 17 per cent; this growth was primarily accounted for by a substantial rise in productivity brought about mainly by the mechanization of agricultural production and by the progress achieved in technology and in agricultural sciences.

5. Czechoslovakia was now amongst the countries with a modern and intensive agricultural production. Measured by value of agricultural production per hectare, Czechoslovakia ranked as eighth amongst twenty-six European countries and measured by the value of agricultural production per inhabitant, Czechoslovakia ranked sixth in wheat, fourth in barley, fifth in oats, and second in potatoes, etc.

6. The representative of Czechoslovakia emphasized that the requirements of Czechoslovakia's expanding economy and increasing standard of living could not be satisfied by national production alone but required an expansion of trade with agricultural exporting countries. The share of imports in consumption had increased considerably compared with the pre-war period whereas there was an opposite trend in other European countries. Prior to the war, Czechoslovakia had been able to satisfy all domestic needs for cereals by means of internal production and at the same time accumulate exportable surpluses. In recent years, however, a considerable part of the cereals consumed had had to be imported because of steadily growing requirements; the importation of animal products had also grown considerably. Compared with 1948, imports of cereals had increased four times by 1959; imports of meat had increased three times, wine more than three times and imports of cocoa beans and oleaginous seeds had doubled. Imports of rice had also increased greatly during this period and coffee imports had expanded.

7. The Czechoslovakian representative explained that it was the practice of the co-operatives to work out their draft five-year plans taking into account local conditions and the overall goal of development. The State plan set out the targets for the district but left the individual co-operatives to make use of the most appropriate specialization with regard to the production of different kinds of products. The initiative of the farmer was thereby put to proper use in order to bring about the best possible specialization. The draft plans of the co-operatives were initiated between the co-operative and the district authorities. Thereafter, five-year contracts, which ensured outlets for production at fixed prices, were concluded with the purchasing organizations. The fixed prices guaranteed not only the actual cost of production but at the same time helped the co-operatives to develop production on a higher technical level. In this way co-operatives were able to acquire the means of mechanization and to use them on an ever increasing scale. The price policy therefore was such as to make
it possible for agricultural production to utilize natural conditions fully and to enable agriculture to make a proper contribution to the national economy. Together with the tax and credit policies and direct financial assistance provided by the State for technical improvements, the price policy was a part of the measures aimed at the development of agricultural production.

8. The representative of Czechoslovakia referred to the international division of labour as a valuable instrument for the acceleration of economic development in individual countries. In the present five-year plan, Czechoslovakia did not count on a substantial increase in production with regard to products such as oleaginous seeds, tobacco, textile raw materials (including wool) etc., for which favourable natural conditions did not exist in Czechoslovakia. For those products, a further increase in imports to satisfy growing consumer demand was envisaged. Other products such as cereals, meat, butter, cheese, were expected to continue to be imported because Czechoslovakia's production was not sufficient to meet increasing demand. Per capita meat consumption had reached 54 kgs., in 1958 as compared to 34 kgs. prior to the war and it was expected to further increase to 65 kgs. by 1965. In accordance with the increased growth of living standards, imports of foodstuffs such as fruits and vegetables, fish, coffee, tea, cocoa, etc., for which conditions were not favourable in Czechoslovakia, were also expected to increase further.

9. In concluding his statement the representative of Czechoslovakia stressed that by the planned development of the economy, Czechoslovakia did not pursue any goal of self-sufficiency but aimed at the satisfaction of the growing needs of the population both by the most efficient utilization of domestic resources and by the further expansion of international trade.

10. Considerable interest was expressed by the Committee in the Czechoslovakian co-operatives. In reply to a number of questions, the representatives of Czechoslovakia explained that many features of the Czechoslovakian co-operatives were similar to features in co-operatives in other countries where there was generally a lower level of development of production in agriculture than in other sectors of the economy. In Czechoslovakia it had been felt necessary to reduce the disparity between agriculture and other sectors through large-scale production by the formation of co-operatives. The co-operatives operated solely in the sphere of production, leaving distribution to the purchasing organizations. Co-operatives generally consisted of from forty to fifty persons who owned their own land but carried out all agricultural operations and used their land in common. With the exception of half a hectare per farmer, which was cultivated for personal reasons, the land, although divided by legal ownership into small individual lots, was cultivated in large economic units, the means of production belonging to the co-operatives. The co-operative Boards were elected annually and responsibilities were divided between crop production, animal production, mechanization, etc. The method of remuneration was generally the "labour unit" which was based on the work required to fulfil certain tasks per day under certain conditions, as approved by the co-operative itself. Half of the unit according to the co-operative plan, was distributed monthly amongst members of the co-operative as an advance, while the balance was distributed at the end of the year. In the more backward regions, remuneration was measured by both acreage and work;
co-operatives operating on that basis, however, constituted less than 10 per cent of total co-operative farms. The Czechoslovakian representative also informed the Committee that there were now approximately thirty co-operatives which had reached a stage of development where they could pay their members fixed salaries.

11. With the exception of some wine growing co-operatives, which preferred to do their own processing, co-operatives generally did not engage in processing their own products because their size (usually 350-400 hectares) did not permit them economically to engage in further processing. The Czechoslovakian representative added that the present general trend was to combine neighbouring co-operatives into larger units in order to be able to take greater advantage of mechanization. For these purposes a more ideal average size would possibly be from 800 to 1,000 hectares.

12. A member of the Committee noted that agricultural co-operatives, especially under-developed co-operatives and those located in mountainous areas, received State subsidies for construction of farm buildings, etc. He asked what were the criteria for determining the less stable units and what were the costs to the State of such assistance. He also enquired whether the stronger co-operative units also received forms of assistance. The representative of Czechoslovakia explained that when the co-operatives were first established, financial assistance by the State was much greater than at present. At present, the established co-operatives were enabled by the new single price policy, under which all production was bought at uniform prices, to employ their own reserves to mechanize, etc. Direct financial assistance was continued only to co-operatives working in difficult natural conditions and to economically weak co-operatives. With uniform prices throughout the country, it was clear than in mountainous regions it was much more difficult for co-operatives to institute improvements and to mechanize. Both types of financial assistance were granted by the District Councils in co-operation with the State bank in forms of long-term investment loans, 25 to 40 per cent of which were gradually written off under such conditions as the fulfillment of the plan, etc. Assistance was also given to co-operatives in the form of aid for agricultural schooling and the struggle against disease, etc. The representative of Czechoslovakia indicated that a rough estimate of total Government assistance could be obtained from the total volume of investments in agriculture (4,532 million crowns during 1959) of which the total cost to the State was 25 per cent which was written off.

13. A member of the Committee, observing that 73 per cent of agricultural land was cultivated by co-operatives and 11 per cent by State farms, enquired about the remaining 16 per cent. He also asked whether co-operative and State farming sectors produced 84 per cent of the output. The Czechoslovakian representative stated that the balance of 16 per cent of agricultural land was farmed by individual farmers. These farms were small, generally being less than 2 hectares. They were farmed by persons who also derived income from non-farm sources such as industry, transport, etc. On these farms the intensity of production was high but the productivity low. The share in total agricultural production was a little larger than the share in acreage but insofar as marketable produce was concerned, the production on co-operative and State farms was greater than the proportion of land cultivated. Of total agricultural production in 1959, co-operatives and State farms produced 79 per cent. They had, however, produced 84 per cent of all marketable produce. Co-operative and State farms marketed 83 per cent of cereals, 92 per cent of sugar beets and 84 per cent of meat and milk.
14. In response to a question, the representative of Czechoslovakia explained that when a farmer left agriculture for another branch of the economy, he was not permitted under the Law to abandon the land without ensuring its cultivation. If there was no successor to cultivate it, the State farm or co-operative would take care of cultivation but the land would remain in the legal possession of the farmer. A member of the Committee felt that these regulations constituted a limitation to productivity. The Czechoslovakian representative disagreed and explained that the Government planned further movement out of agriculture in proportion to the increase of mechanization of agriculture and to the need of labour in other sectors.

15. Referring to the role played by agriculture in the economy, a member of the Committee enquired whether agriculture was developing in line with other sectors of the economy. He asked what the policy of the Government was for the encouragement of agricultural development in relation to the economy as a whole. The representative of Czechoslovakia stated that in the five-year plan for 1960-65, it was expected that by 1965, industrial output would have increased by approximately 60 per cent compared with 1960 whereas agricultural output would have increased by 23 per cent. The share of agriculture in the national income was decreasing which, he felt, was a typical tendency in all countries aiming at rapid industrialization. It was expected that during this period there would be a further flow of from 300,000 to 400,000 people from agriculture. The Czechoslovakian representative stressed that Czechoslovakia was not considered to be an agricultural country but a highly developed industrial nation. However, the development of agriculture had not been in proportion with that of industry so that the Government felt it necessary to remedy this situation.

16. In response to a question, the representative of Czechoslovakia informed the Committee that the exchange rate for the Czechoslovakian crown was 720 crowns per United States dollar. He emphasized, however, that simply transferring internal Czechoslovakian prices into dollars would not give a true picture of prices in Czechoslovakia.

17. A member of the Committee observed that there appeared to be three criteria for the determination of prices, namely, average production costs, remuneration according to work done, and the need to stimulate a reasonable specialization of production. He enquired whether in establishing prices to affect output account was taken of the prices of commodities available from outside sources. The representative of Czechoslovakia explained that in determination of purchasing prices several elements were taken into account; the average cost of individual products was calculated on the basis of the average cost in the area where the item was the predominant crop. This was designed to discourage production in areas not suited for production. The remuneration element took into consideration the social aspect of raising living standards of the rural population but also included the aim that co-operatives should be remunerated in such a way as to have funds to introduce new techniques. The specialization element was linked with the average production costs in that it encouraged production only in suitable areas. The Czechoslovakian representative emphasized, however, that it was not the policy of his Government to discontinue producing a product simply because its production was not yet a success. Account was taken of natural conditions of the full utilization of resources, growing mechanization, etc., looked at in terms of future as well as present conditions. He stressed that in directing
specialization, account was taken of prices at which imports were available but explained that this was not the only consideration.

18. A member of the Committee enquired whether the objective of a parity between agriculture and industry was followed in the fixing of prices of agricultural products. The representative of Czechoslovakia informed the Committee that it was the long-term aim of his Government to raise living standards in the agricultural sector to a level enjoyed by other sectors. Calculations had shown that in 1959 the level of living standards in agriculture and industry was balanced.

19. The Czechoslovakian representative, in response to further questions on pricing, informed the Committee that prior to 1960, Czechoslovakia had a two-price system under which a basic price was paid for obligatory deliveries of a given commodity while a higher price was paid for the remaining crop after fulfilment of the obligatory deliveries. From 1960, there would be only one price with no obligatory deliveries. The general level of the fixed prices took into consideration the need for the co-operatives to obtain the means necessary for further mechanization. For individual products, pricing policy was based on an examination of approximately 450 progressive co-operatives in different regions of the country where there were different conditions.

20. In answer to a question on the effects of the new single price system of imports and exports, the Czechoslovakian representative stated that the system had not been in operation sufficiently long to enable him to draw any definite conclusions. It was expected, however, that little change would be experienced by Czechoslovakia's trading partners.

21. Noting that the representative of Czechoslovakia had stated that price-fixing machinery did not function in terms of profits or immediate advantage, a member of the Committee observed that nevertheless current exports were made on the basis of current prices. Since some of the products appeared to have been sold at a loss while others fetched favourable prices, he enquired whether the Government compensated losses in some products by profits in others. The representative of Czechoslovakia stated that the idea of one commodity helping another to avoid a loss did not correspond to the actual situation. In Czechoslovakia all internal prices were fixed by the State and the purchasing prices were determined taking into consideration social elements, increased mechanization and productivity, and other factors of long-term profitability. Sugar beet, for example, a traditional crop, was still low in the level of mechanization, yet it was envisaged that through mechanization during the five-year plan, productivity would be increased to a point at which the cost of production would be approximately one fifth of the present figure.

22. A member of the Committee enquired how production targets were fixed and asked whether import and export figures were determined before or after and establishing of targets. The Czechoslovakian representative stated that
the plan determined targets for the whole of the economy including production
and foreign trade. The planners considered the requirements of production
and consumption and determined the role to be played by all available
resources. The Czechoslovakian representative emphasized that it would not
be correct to consider that priority was given to domestic resources while
only those products which could not be produced domestically were imported.
Representatives of industry, foreign trade, agriculture, etc., all participated
in drawing up the plan. The plan, however, was not simply a comparative
price decision; it was the general purpose of the plan to achieve a pro-
portional growth in all sectors.

23. Referring to the increasing consumption of foodstuffs in Czechoslovakia
a member of the Committee asked whether imports were generally made under
bilateral or global quotas. He also enquired how export prices were actually
determined. The representative of Czechoslovakia pointed to the considerable
increase in imports in recent years as proof of the beneficial effect of the
present system on international trade. He stressed that prior to the war,
Czechoslovakia for instance had imported 0.03 thousand tons of meat per annum
whereas present imports amounted to 100,000 tons. He expressed doubt
whether many countries could point to such an increase in agricultural imports
whatever system they employed. He went on to explain that when importing,
the import corporations were guided by the quantities to be imported which
were indicated in the overall plan. The corporation then examined all
commercial considerations. He stated that Czechoslovakia had bilateral
agreements with all Eastern European countries and with a number of Western
countries, but stressed that it was not the Government's policy to cover all
import requirements through such arrangements. Referring to the fixing of
export prices, the representative of Czechoslovakia stated that his Government
did its best to specialize in those products which proved most profitable in
overall economic terms to Czechoslovakia and to sell those products on inter-
national markets at world prices.

24. A member of the Committee expressed the view that the Czechoslovakian
agricultural system was a very rigid one, well insulated from international
trade. Prices at various stages from farm to consumer appeared to be used
for various unrelated reasons and did not measure the relative advantage of
producing one product as against another. He enquired how demand was
determined for products consumed internally as well as for products exported.
The representative for Czechoslovakia stated that demand for consumption was
the task of the Ministry of Internal Trade which was the only retail trader.
There was a permanent examination of demand based on the experience of retail
outlets and on consideration of the views expressed by the consumers. The
system was used for both domestically produced and imported goods. He explained
that total demand was worked out on a basis of determining the portion of the
national income destined for consumption together with the results of studies
concerning the structure of consumption of the various income groups, con-
sumption patterns in other countries, etc. Regarding exports, the
Czechoslovakian representative explained that Czechoslovakia was a traditional
exporter of certain products (notably sugar, barley and hops) which indicated that Czechoslovakia was both naturally and economically suited to produce these products for export. In determining the plan the wishes of internal and foreign trade departments were weighed. As an example, it was explained that Czechoslovakia traditionally exported sugar to a number of countries, many of which had been markets for Czechoslovakian sugar from forty to fifty years. Czechoslovakia's quota under the International Sugar Agreement was 275,000 tons but this quota had not been filled in recent years. Foreign trade had to compete with growing internal demand for shares of the sugar production. Internal consumption of sugar had increased from 23 kgs. per capita prior to the war to 35 kgs. in 1958. This figure was expected to reach its limit of 39 kgs. in 1965. Nevertheless, Czechoslovakia intended to fill the quota under the Agreement and to regain its pre-war export position.

25. A member of the Committee asked what flexibility there was in the way co-operatives could determine the pattern of production, apart from incentives built in by various prices and taxes. The Czechoslovakian representative explained that the District Councils aimed, through consultations with the co-operatives, to direct production into fulfilling the targets established by the State plan. However, the co-operatives did make their own decisions and the State endeavoured to encourage production which was in the overall interest of the economy.

26. Noting that the external trade of Czechoslovakia was governed by a State economic plan, a member of the Committee enquired about the extent to which the system included measures which would reduce the need of protection in agriculture. The Czechoslovakian representative again pointed to the considerable increase in imports of agricultural products since 1948 and the considerable drop in agricultural exports as evidence that the present policy was aiming at the rational utilization of resources and an international division of labour. Particular systems should be compared by reference to the concrete results they produced. By this test, Czechoslovakia's record was an excellent one for international trade.

27. A member of the Committee noted that goods were imported at prices prevailing in world markets and enquired whether this held true for all agricultural products, whether imported on a bilateral or a global basis. The Czechoslovakian representative stated that it was the general policy of his Government to follow world market prices while at the same time attempting to stabilize these prices by means of long-term contracts, etc. For imports under bilateral agreements prices were not included in the agreements but were subject to contracts which in turn were generally based on world market prices. He pointed out however that when imports were made under long-term agreements it was often the case that fluctuations in world market prices over the period of the contract resulted in differences in these prices and the prices under the agreements.
28. Noting that wholesale and retail prices of products were fixed irrespective of whether they were domestically produced or imported products, a member of the Committee expressed the view that if internal prices were fixed higher than the world prices, the internal market was not affected by imports; this constituted a measure of protection since the internal price was quite insulated from world market prices. The representative of Czechoslovakia stated that internal prices were isolated but stressed that in fixing internal prices account was taken of the prices on world markets. Regarding the question of protection, he stated that as a result of its economic system Czechoslovakia was consuming and importing considerably more agricultural products than before 1948 and before the war and thus contributing considerably towards the aims of the programme for expansion of trade.

29. In response to a question on the role of the tariff when the State controlled imports and exports, the representative of Czechoslovakia explained that foreign trade relations were conducted through the monopoly of Foreign Trade which was the only bridge between the foreign and internal markets. Tariffs were mounted into the system in such a way as to influence the purchasing organizations which had to buy and sell in an endeavour to make a profit. While account had also to be taken of other factors, the tariff had a definite bearing on the choice of the source of supply in favour of the most-favoured-nation suppliers. The Government of Czechoslovakia wished to extend to countries which accorded Czechoslovakian goods most-favoured-nation treatment, equally favourable treatment on the Czechoslovakian market. He agreed, however, that the tariff did not play the same role in Czechoslovakia as in certain other countries.

30. In response to a number of questions, the representative of Czechoslovakia emphasized again that the price paid by State purchasing organizations to farmers had no direct relation with world market prices although when fixing these prices world prices were also taken into consideration. Other factors in price determination were social considerations, the assisting of agriculture to build up productivity and the cost factor. In establishing purchasing prices for farmers and retail prices for consumers, the elements taken into consideration differed, although in setting retail prices, social conditions also played an important part. He also explained that the Government planned to import agricultural products for the production of which the conditions of Czechoslovakia were not well suited. Such products included oilseeds, tobacco, coffee, tea, southern fruit, fish, wine and wool.

31. Regarding a question on imports under global quotas, the representative of Czechoslovakia stated that the amounts specified under the State plan were not to be considered as global quotas. The fulfilment of the import plan was the task of the import monopolies which operated according to commercial considerations with no distinction between the sources of supply. He stated that when crops did not meet expectations it was often necessary to have greater imports. In such cases, prices did not, however, move upwards. He also explained that information on export possibilities in Czechoslovakia could be obtained from the importing corporations, as was the case in most other countries.
32. A member of the Committee enquired about the effect of profits or losses on exports on the Czechoslovakian system. The representative of Czechoslovakia stated that the Export or Import Corporations operated under their own plans and that the idea of profits or losses in the sense faced by a corporation operating in a Western economy did not occur. Nor did surpluses occur, since the system of pricing could be used to dispose of surpluses or to prevent them from arising.

33. Noting that imports and exports were planned in advance, a member of the Committee enquired how it was possible to obtain a change in a short period. The Czechoslovakian representative replied that apart from a pronounced long-term trend of increasing imports there were also short-term changes. He emphasized that the plan should not be considered as rigid. The plan was in fact an expression of proportions; if changes did take place for instance in agriculture where there were so many unforeseeable elements affecting production, it required adjustments if proportions were affected.

34. A member of the Committee stated that he understood that Czechoslovakia entered bilateral agreements for payments reasons. He asked if exporters who were not parties to such agreements had opportunities to compete for markets in Czechoslovakia. The representative of Czechoslovakia stressed that it was not only because of payments considerations that bilateral agreements were concluded. If Czechoslovakia was able to work out with a trading partner an agreed view on economic requirements, experience was that it assisted trade between the two countries. Czechoslovakia's traditional pattern of trade, however, called for imports of agricultural requirements to be satisfied from various sources.

35. A member of the Committee took note of the fact that while agricultural exporting countries were obliged to give unrestricted entry to industrial imports in their countries, their exports of agricultural products faced severe restrictions. He concluded that the Czechoslovakian system had this effect on international trade. While imports into Czechoslovakia had increased during the past ten years, the Committee member remained unconvinced that imports would not have been even larger under a free flow of trade. The representative of Czechoslovakia proposed that the member of the Committee compare present imports of agricultural products with imports during the pre-war period of so-called free flow of trade.

B. Commodities

36. A member of the Committee enquired whether it was possible to divide the production and consumption figures for meat and to give an estimate of butter and meat import requirements in 1965. The representative of Czechoslovakia stated that of the annual meat consumption of 54 kgs. per capita in 1958, approximately 31 kgs. of pork were consumed, 14 kgs. of beef, 2 kgs. of veal and 4 kgs. of poultry. Butter imports, which amounted to 15,000 tons annually,
or more than 1 kg. per capita, were not expected to increase substantially. Net production of milk was 20 per cent per hectare lower than pre-war levels. It was planned that at least the pre-war level was again to be attained.

37. A member of the Committee enquired whether the representative of Czechoslovakia could give any indication of what the expected rise in imports of bread grains would be and whether the trend could be expected to continue. The representative of Czechoslovakia stated that if one compared the production of bread grains in Czechoslovakia with production in neighbouring countries with similar agricultural conditions, it would appear that Czechoslovakian resources were not yet being fully utilized. The investment plan for agriculture was expected to enable Czechoslovakia to achieve a higher level of production while consumption of flour per capita was not expected to change. Nevertheless the preliminary plan foresaw the continuation of imports.

38. It was noted by a member of the Committee that domestic consumption of sugar was expected to increase from the present 34 kgs. per capita to approximately 40 kgs. by 1965 with increased production allowing at the same time a certain increase in exports. The representative of Czechoslovakia stated that the five-year plan was not completed and that these figures represented the expected plan. He explained again that prior to the war, exports were approximately 300,000 to 400,000 tons annually while at present, the Czechoslovakian quota under the International Sugar Agreement was 275,000 tons; this quota was not fully utilized. On the draft plan it was proposed to attempt to reach the quota level, but it was also hoped that eventually the pre-war level could be attained within the Sugar Agreement.

39. A member of the Committee enquired whether it was right to assume that Czechoslovakia planned to increase milk and meat production to meet increases in internal demand alone. The Czechoslovakian representative informed the Committee that milk production per 100 hectares was 500 quintals in Czechoslovakia, compared with 600 quintals in France, 1,200 quintals in the Federal Republic of Germany and 1,700 quintals in Denmark. While it was not envisaged that the level of production attained by Denmark would be reached, it was intended that Czechoslovakia would reach the level attained by France where natural conditions were not unlike those in Czechoslovakia. He explained that the same hopes were held for meat production.

40. In response to a number of questions, the representative of Czechoslovakia stated that due to dietary changes, the consumption of wheat was being replaced to an increasing extent by such foodstuffs as rice and potatoes. Rice imports had increased from 40,000 tons in 1955 to 58,000 tons in 1956, 112,000 tons in 1957, 142,000 tons in 1958 and 136,000 tons in 1959. Soft wheat was considered mainly as feedingstuffs.

41. In response to a request for information on the categories of meat imported, the representative of Czechoslovakia stated that usually 60 per cent of imports consisted of pork, the remainder being mainly beef.
42. A member of the Committee stated that the consumption of dairy products in Czechoslovakia was comparatively low. He enquired whether there was any attempt to limit consumption of dairy products by high prices. The Czechoslovakian representative stated that there was no intention to limit consumption and pointed out that butter consumption rather than margarine was increasing in Czechoslovakia. Per capita butter consumption prior to the war had been 4.9 kgs. per annum. The figure was now 5.6 kgs. The pre-war per capita consumption of cheese was 0.8 kg.; this had now increased to 2.2 kgs. Production of milk and milk products under the five-year plan was to be increased by 33 per cent.

43. In response to requests from members of the Committee, the representative of Czechoslovakia supplied the Committee with the present figures for production and imports of major agricultural products compared with the pre-war figures and the expected figures for 1965. He also indicated the amount of grain imports for animal feedingstuffs and for human consumption. These figures are reproduced in the table below. He also undertook to obtain the figures on the per capita consumption of margarine.

<table>
<thead>
<tr>
<th></th>
<th>1937</th>
<th>1959</th>
<th>1965 (preliminary)</th>
</tr>
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<tbody>
<tr>
<td>Bread grain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crops</td>
<td>3,090</td>
<td>2,505</td>
<td>3,350</td>
</tr>
<tr>
<td>Net import</td>
<td>1</td>
<td>1,177</td>
<td>approximately the same</td>
</tr>
<tr>
<td>Coarse grain (fodder)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Crops</td>
<td>2,546</td>
<td>3,173</td>
<td>3,750</td>
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<tr>
<td>Net import</td>
<td>95</td>
<td>676</td>
<td>is to decrease to approximately 1/2 - 1/3</td>
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<tr>
<td>Oleaginous plants</td>
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<td></td>
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<tr>
<td>bt. weight</td>
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<tr>
<td>Crops</td>
<td>20</td>
<td>88</td>
<td>122</td>
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<tr>
<td>Net import</td>
<td>19 net oil</td>
<td>184</td>
<td>to increase by 10 - 20%</td>
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<tr>
<td>Meat</td>
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<td></td>
</tr>
<tr>
<td>Production</td>
<td>528</td>
<td>957</td>
<td>1,280</td>
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<tr>
<td>Net import</td>
<td>0.03</td>
<td>107</td>
<td>approximately the same</td>
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