THE MARKETING AND PRICE POLICY IN AGRICULTURE IN THE NETHERLANDS

THE DEVELOPMENT SINCE 1949 AND THE PRESENT SITUATION

REPORT NR 190

Translated and distributed by the Directorate for International Organizations of the Ministry of Agriculture, Fisheries and Food in the Netherlands
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Preface

In 1948 the National Institute of Agricultural Economics started a series of investigations on the price and marketing policy for agricultural produce pursued in various European countries. Report no. 59 "Description and analysis of the present day marketing and price controlling policy applied to Dutch agriculture" was the first issue in this series (1949). Subsequently a study was made of the price and marketing policy in agriculture pursued in Belgium, Sweden, Great-Britain, Western Germany, France, Switzerland, and Denmark.

In the meantime it became apparent that further study should be made of the price and marketing policy affecting agriculture in the Netherlands. It is of great importance to the Government and agricultural organizations to have a proper understanding of the machinery operative in marketing and price management. On the other hand many of the regulations as described in the Report No. 59 have been revoked, whilst the regulations now in force are attaining (at least partly) a rather permanent character.

This report has been divided into chapters in the usual way. Chapter I deals with the aims pursued in the marketing and price policy and the way that aim is to be realized. Chapters II, III and IV contain a detailed survey of the ruling marketing and price regulations for agricultural crops and livestocks products as well as for fruit and vegetables. The investigations were concluded in June 1953. The work involved has been accomplished by G. Greidanus B.Sc.(Ec.) of the General Economic Research Department. The Trade Boards concerned rendered their assistance in collecting the data.

Dr. J. Horring
Director.
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Chapter I

Aims of the marketing and price policy and the method applied for its realization.

Introductory.

When describing and analysing the marketing and price policy in Dutch agriculture differentiation should be made between two constituents: on the one hand the objectives aimed at and on the other hand the achievements of the aims. The objectives are just an element of the adopted agricultural policy, and the means to attain these aims should be considered as the object of the marketing and price policy, the latter being associated with the machinery involved.

For a proper understanding of the motives on which the adopted means are based, a summary of the aims pursued must be given. A brief digest of the statutory foundations of the policy pursued as well as a survey of the agencies in charge of the enforcement of the regulations is necessary.

Section 1. The aims pursued

During the post-war years up to 1949 the marketing and price policy in agriculture can be considered as a continuation of the marketing and price regulations already in force during the war, though adjusted to post-war conditions. However, from 1949 onward the ambition has been to liberate the agricultural production process from controls and to restrict Government interference only to items intended to realize the eminent aims which hardly could be attained without the intervention of the Government.

In 1948 the Minister of Agriculture announced this new course in the agricultural policy to Parliament during the debate on the budget of his Ministry for 1949. The primary argument brought forward by the Minister was that the Government intended to guarantee security of subsistence to farmers who managed their farms properly provided their enterprises were justifiable from a social and economic point of view. This desideration has become the focus of the agricultural policy in the Netherlands. Yet the definition of the guarantee granted by the Government gives rise to a number of questions e.g. what type of farm is referred to, what will be the level of subsistence to be guaranteed, and how will the conception be put into effect. The Minister of Agriculture has elucidated his ideas in ensuing years.

Furthermore, it is the aim to provide some protection for the products of the soil. Protection intended to maintain existing conditions, however, can never render a proper guarantee of subsistence as envisaged. It is necessary therefore to enhance adaptation as much as possible. As soon as this has been attained and not before protection is justified, if necessary at all.

Considering the relative oversupply of labour in agriculture in this country, it is rational from an economic point of view to aim at an agricultural production which absorbs much labour.

x Memorandum in Reply to the Government Estimates for the financial year 1949, chapter XI. The word "social" was added one year later.
In order to advance the labour productivity as much as possible it will be necessary that the yields are increased to as high a level as virtually feasible. The Government refer in this respect to a utilisation of the soil as intensively as possible. It is assumed in this argumentation that the output can be sold under normal market conditions. This trend of thoughts was actualized of late in the attempts made to re-establish and maintain at least the pre-war conditions which produce in branches the agricultural industry milk, bacon pigs, eggs and horticultural crops all of which demand much labour and convert raw materials into products of high intrinsic value. Moreover, these branches of agricultural production are the most suitable in respect of having regard to the prevailing natural conditions in the country, the skill and experience of the farmers and growers and also from the angle of organisation.

The shortage of hard currency, a great handicap to this country, as well as the stimulation of an intensive utilisation of the soil, induced the Government to aim in particular at expansion and intensification of the production of those commodities, which on the one hand save on imports from hard currency countries and, on the other hand, suit the needs of livestock farmers. The Government contemplated accordingly to replace about one-third of the pre-war imports of feeding-stuffs by increased yields from grassland and the extension of areas to be devoted to stock-feed potatoes and fodder beet. The shortage of hard currency effected also a more favoured position for crops such as wheat, winter rape-seed, linseed and sugar beet.

What has been stated so far concerned especially the cropping schemes and the rate of production aimed at by the Government in their agricultural policy of today. On the other hand, it should be understood, that for part of the production in Dutch agriculture paying outlets have to be found outside our borders. This consideration implies that the Government are very anxious on the one hand to avert a rise in production cost in agriculture which impedes the competitive capacity of our produce on foreign markets. On the other hand the Government have been forced in some cases to take the exports in their own hands (e.g. export of bacon and butter to the United Kingdom) in order to preserve an important existing outlet in the future.

The agricultural policy is, after all, only a section of the general economic policy. The Government are of the opinion that the interests of the national economy considered as a whole, that is including the agricultural section, will benefit if the cost of living is kept within specific limits. An uncontrolled course of these costs under present day conditions would certainly lead to rises with which would adversely affect the prospects of exportation on account of rising wage levels. Initially, the price levels, as after the end of the war in 1945, were used as a basis. As the prices ex farm were exceeding a level compatible with the level referred to above while the world market prices also exceeded that level rather considerably, a system of subventions was necessary also after liberation. In the course of 1948 but even more so during 1949, the subsidies were substantially reduced. It is true that the total amount of subsidies granted increased again
noticeably in the autumn of 1949, due to the devaluation of the guilder, but this was a temporary feature. Henceforth the Government have very consistently pursued a policy of reducing subsidies. The amount of subsidies on articles of food is no longer of much consequence. Liquid milk for human consumption is now in fact the only commodity on which a substantial subsidy is paid.

Section 2. The means to realize these aims.

The aim of the Government to liberate agriculture as much as is virtually possible from controls is based on the desire to subject agricultural production once more to the unhampered effect of the normal economic influences and so achieve the most efficient production methods. The Government of to-day are therefore actually only exercising control at a number of strategical junctions. This policy is based on the assumption that in this way their promise of providing security of subsistence to producers who run their farms with the desired efficiency compatible with the social and economic interests of the country. It is further assumed that this policy has detrimental no consequences in other respects.

The system applied for the realization of the agricultural policy shows a noticeable change in recent years. When the Budget of 1952 was introduced to Parliament the Minister of Agriculture announced that he had found it necessary to distinguish between a few groups of agricultural products as far as the determination of price policy is concerned. If the adopted policy, is to be consistently adhered to a defined course must be followed for each category, viz:

1. Products the production of which must be guaranteed by considerations of national interest and of which the price formation has to be almost exclusively directed by the Government. The crops in this group are: wheat, winter rape seed, sugar beet and liquid milk for consumption. The price to be paid to the producers for these commodities (as stated by the Minister) must be at least equal to their costs of production, supplemented by a reasonable profit for the producer.

2. Products other than those in the first group, which must be considered as basic commodities, deserving particular attention as they represent a great interest to farmers in view of their importance to the level of farm income.

The price regulations applying to these commodities for which there is generally no need to fix a maximum price, for this reason not provide for a definitely guaranteed price. As to the importance attached to these articles, both from a farmer's and a national point of view, the guarantee should be of such a nature that under normal conditions these commodities can be produced on an average farm without losses.

In the opinion of the Minister the following commodities should be included in this group: milk for manufacture and processing, meat, coarse grains and potatoes.

3. Products not subject to price regulations, to be produced at the exclusive risk of the farmers. To this group belong flax, caraway seed, maw seed, peas and beans, several horticultural products, etc. The Minister did not propose to issue any provisions affecting the price of eggs. He reserved a decision for this commodity until the organized
farmers could agree to adopt a production and marketing scheme. The classification, as described above, may have been lost its importance to a certain extent since it was published. The fact remains however, that the marketing and price policy, as implemented to-day, is generally based on the principles developed above. To-day the Government fix directire prices for wheat and winter rape seed, the price for sugar beet being a deduced fixed price (viz from the price of sugar on factory). A definite price is guaranteed for bacon pigs, that is to say, that the Trade Board for Livestock and Meat may adopt either the payment of a bonus or a price reduction of 10 cents. As regards milk the Government guarantee a minimum price for the average total annual yield of milk. The commodities not referred to are not subject to price regulations enforced by the Government. Some years ago the Government were of the opinion that it was opportune to differentiate between the formation of prices on the home market and on foreign markets. This conception was realized mainly by centralized exportation under Government control of almost all agricultural products of some importance. This principle has been gradually abandoned by the Government. This principle has been gradually abandoned by the Government, with the effect that to-day the home market prices of most of the agricultural products are the same as those ruling in the world market, apart from a few exceptions e.g. wheat. Analogical to this is the aspiration of the Government to re-establish free importation. For completeness' sake it should be pointed out that organisations of farmers and growers have made their own regulations for some of their branches to replace the former Government price control. The aim is to protect the producers. The most noticeable example of such an action is the minimum price regulations operating for vegetables and fruit (see Chapter IV). But also with regard to potatoes the growers concerned have proceeded to design a scheme to safeguard themselves against the sad consequences of a slump in prices as experienced with the 1948 crop. (See further Chapter II).

Section 3. Statutory basis and executive agencies concerned with the marketing and price policy in agriculture.

Before discussing the elementary components of the adopted marketing and price policy in the following chapters a few words may be said about their statutory basis. The powers to issue binding orders within the framework of our agricultural policy are conferred on a number of agencies established by the Government and on the Trade Boards. This machinery is founded on the Agricultural Crisis Act, 1933, and the Decree Organisation Food Supplies 1941. At the present moment the following Trade Boards have been instituted.

a. An Upper Trade Board for Arable Produce (an organisation capping several Trade Boards, see Chapter II);
b. A Trade Board for Livestock and Meat;
c. A Trade Board for Dairy Produce;
d. A Trade Board for Margarine, Fats and Oils;
e. A Trade Board for Poultry and Eggs;
f. An Upper Trade Board for Horticultural Produce (an organisation
capping several Trade Boards; see Chapter IV).

The Trade Boards have powers to issue binding orders and also have executive powers. On account of this and as the executive of statutory orders they have to concern themselves with:

a. production and price formation;
b. processing and marketing;
c. regulation of imports, respectively exports.

While the Trade Boards are charged with the dispatch of all business directly associated with the items referred to above, the Upper Trade Boards are mainly concerned with all the co-ordinating work.

The Trade Boards, however, are not authorised to purchase and sell. If the Government intend to act either as buyer or vendor, they dispatch their business through a Government Purchase and Sale Office one having been established next to each of the Trade Boards (article 14, Organisation Decree Food Supplies 1941). The following Offices have been established:

a. the Purchase and Sale Office for Arable Produce;
b. the Livestock and Meat Purchase Office;
c. the Purchase and Sale Office for Dairy Produce;
d. the Central-Office for Margarine, Fats and Oils;
e. the Poultry and Eggs Purchase Office;
f. the Purchase and Sale Office for Fruit, Vegetables and Ornamental horticultural produce;
g. The Food Supplies Importation Office. (The relation of this Office with the other Purchase and Sale Offices will be further explained in Chapter II).

All agricultural produce is covered by the provisions of the Act already mentioned, whether or not they are subject to price control.

For attaining a specific effect in a particular case the means used vary considerably according to the nature of the product concerned, the time of intervention and the stage in the process of production fixed for that intervention and are therefore not subject to any general directive lines which these agencies must follow. The solution of each separate case will be different according to the conditions prevailing and it is arrived at after proper negotiations with the interested parties on the best line of action to be pursued in the particular. The possibility to intervene in regard to all products implies that there is only a difference in degree between products of which the price formation and the trade is free and products subject to price and/or trade regulations.

It is always possible to control so-called free articles or prices again in the sphere of the regulations, as soon as the Government are of opinion that undesirable conditions are developing or are threatening to develop.
Chapter II

The Marketing and Price Policy for arable produce.

Section 1. Marketing Institutions.

The measures deemed necessary by the Government as to the marketing and price policy for arable produce are enforced by the Central Trade Board for Arable Produce. (H.B.A.) The Trade Boards for Cereals, Seeds and Pulses, for Seed and Seed Potatoes, for Feedingstuffs, for Potatoes, for Sugar, for Flax and Hemp, for Hay, straw and bulky feed, for Osiers and Reed, work under the auspices of that Central Trade Board. The Institution of the H.B.A. is founded on the Organisation Food Supplies Decree, 1941, issued on authority of the Secretary General of the Ministry of Agriculture, Fisheries and Food on March 30, 1942. The Board has been given powers to issue binding regulations in respect of marketing, trade, processing or conversion and imports and exports of all produce under its authority. The Purchase and Sale Office for Arable Produce (A.V.A.) is the commercial agency of the H.B.A. If one of the Trade Boards working under the auspices of the H.B.A. considers it necessary to exercise price control on the home market, the A.V.A. will act as the purchasing and selling agent. This applies in the first place to products which are subject to a controlled price formation (wheat, winter rape seed and linseed). The A.V.A. takes action on the home market, the Trade Board for Cereals Seeds and Pulses having been delegated with a threefold task in this respect, namely:

a. Giving effect to the fixed producers'prices;
b. Ensuring that manufacturing and processing industries can purchase the home grown wheat and winter rape seed at a price not higher than the growers'prices supplemented by a trade margin.
c. Ensuring that the market for home grown wheat will not meet with storage difficulties.

In addition, the A.V.A. is empowered to purchase other products, the prices of which are not controlled any longer, but in respect of which it is found desirable to maintain stocks or to prevent that the price will drop below a preconceived level. It should also be mentioned here that in 1945 an Institution, named Food Supplies Import Office (V.I.B.), was founded. This Government agency conducts the imports of required food supplies as far the import trade has not been decontrolled yet. Formerly, the V.I.B. always handed the imported grain to the A.V.A. who resold it to the home-trade. It will be evident from this that the V.I.B. was not concerned with the home market. This course has been discontinued. The imported grain is now directly handed over by the V.I.B. Officially the V.I.B. is only responsible to the Minister of Agriculture, Fisheries and Food. The administration and the staff of the V.I.B. are combined with those of the A.V.A.

Section 2. Cereals and pulses.

1. General principles

As regards cereals and pulses the Government take advantage of the following aids in order to achieve the objectives aimed at in the pattern of the adopted agricultural policy:
a. As to wheat a directive price has been instituted but the prices of coarse grain and pulses have been decontrolled from the harvest of 1949 onwards. Wheat is subjected to compulsory delivery by farmers. In principle to coarse grains and this compulsory provision pulses does not apply. As to the crop of 1951 and 1952, oats and barley grown on clay soil were subjected to the so-called "linking-regulation", implying that 2,500 kgs per ha of these crops had to be handed in, if the area under these crops exceeded the area under wheat.

b. Virtually, bread is not subsidized any longer.
c. Bread and coarse grains are still imported under the auspices of the Government. In anticipation of decontrol of the importation of coarse grains and grains for manufacturing purposes in the very near future, the processing industries supplying the human food market were given the opportunity to make their own arrangements for importation of their requirements. Pulses and kindred articles are imported by the private trade.
d. The exportation of pulses, cereals for seed and seeds of field crops is free from control and is sponsored by the Government. The exportation of cereals, being at first subjected to restrictions, has been less interfered with since last year.

The directive price applying to wheat is 26 glds. per 100 kgs. of the 1952 and 1953 crop. This price applies to wheat of a sound average quality with a moisture content of 17 percent, delivered at the premises of the merchant. In order to advance a reasonable distribution of the deliveries over the season and to facilitate the storage of wheat not needed for immediate use by growers, merchants and manufacturers, the growers' price referred to varies throughout the season and has a fluctuating character and also alters with market conditions prevailing. Accordingly, the wheat price of the 1952 crop increased from 25.20 glds. in August 1952 to 26.80 glds. in April 1953 (a monthly increase of 20 cents per 100 kgs.).

Wheat is subject to a compulsory delivery as stated before. It is marketed through the customary channels of trade, a delivery voucher being issued, stating the quantity transacted. At the end of each season the Local Administrator verifies whether the obligation of delivery has been met by comparing the quantities with the May Census of Crops of Central Bureau of Statistics.

x) In the clay soil regions a threshing regulation is in force and the quantity of wheat grain rendered in threshing must be entered on a threshing-bill. In the other areas and assessment scheme is in force. The Local Administrator verifies that the quantity delivered to the trade together with the quantity allowed to be consumed on the farm is in conformation with the total yield, rendered from threshing respectively with the assessment referred to.
Furthermore, wheat is submitted to a prohibition of transport and processing. Transports of wheat must be accompanied by a transport certificate. A mixing clause applies (prohibition of mixing and milling of home grown and imported grain) in respect of the processing and manufacturing industries.

In this way the Government are attempting to put the adopted growers' price into effect.

As only about 40 per cent. of the total quantity of cereals consumed in the Netherlands is home-grown, a big quantity must be imported. The imports are still centrally carried out by the Government. In the first post-war years this centralisation was based on the following considerations:

a. shortage of foreign currency.

b. centralised exportation established in a number of countries;

c. some purchases were essential, even though they were not very inviting from a commercial point of view.

d. difficulties in shipping can be solved easier, if all imports are managed by the same agency;

e. the necessity of applying a control on prices at home;

f. the enforcement of a quota scheme at home;

g. the application of import-restrictions with regard to some raw materials, etc.

In the last few years these arguments are not of much avail any longer, particularly not in respect of coarse grains and cereals intended for processing or manufacture. They are no longer very convincing. The main reason why the Government has adhered to centralized imports until to-day is to be able to bring the feedingstuffs scheme (now revolted) into effect and also to keep a certain quantity of cereals in stock. Apart from these two reasons a great deal could be said in favour of decontrol of the trade. If it were decided to do so, Rotterdam would be given an chance to recover its position as a transit port.

At the same time it would become possible to create sounder conditions for the trade in cereals as the obsolete import quotas, granted to the importers on the basis of their pre-war turnovers, could be annulled. It has already been announced that decontrol of private imports of coarse grains intended for processors and manufacturers can be anticipated at an early date. Cereals are imported under the auspices of the Government as follows:

The Trade Board for Cereals, Seeds and Pulses performs a co-ordinating task and draws up an estimate of the needs in consultation with the Trade Board for Stock Feed. It also designs a scheme for the distribution of the imports over the various industries concerned. The scheme is submitted for approval to the Government (Department of Food). After authorization, the V.I.B. is authorised to make arrangements of purchase. Subsequently, both the imported cereals intended for processing and manufacturing industries and the coarse grains are transferred to the Central Office for the Corn Trade (Cekagra). Imported bread grain (wheat) is sold to big buyers (big factories) on a commission basis by the Society of Home Grown Wheat Dealers (Vita). Lots intended for small buyers (village mills, small factories) are sold direct by the V.I.B. In doing so, however, it is customary to in-
volve a dealer or a commission agent. The imports transferred to the Cekagra and the Vita are henceforth marketed through the usual trade channels. The cekagra delivers the grain intended for processing or manufacture to the individual importers on a basis of fixed quotas, granted according to the shares in the trade of each concern during a basic year before the war.

The grains are following their usual course by delivery to the importers - either direct, or through the intermediate trade - to the processors or manufacturers. The wheat transferred to the Vita, is conveyed by this association to the Millers. The following graph shows the course of transactions after importation.

**Trade-Board for Cereals, Seeds and Pulses**

*(in consultation with the Trade Board for Stock Feed)*

**Estimate of needs**

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<thead>
<tr>
<th>Government (Department of Food)</th>
<th>breadgrain</th>
<th>grain for manufacturing purposes and coarse grain</th>
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<td>delivery to</td>
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<td></td>
<td>large buyers</td>
<td>small buyers</td>
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<td>V.I.B (purchase, transport)</td>
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<td>Cekagra</td>
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<td>by Vita (importer, dealer or intermediate agent)</td>
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<td>in commission processor or manufacturer</td>
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<td>(order-bill, authorization of purchase)</td>
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<td>eventual dealer</td>
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<td>processor or manufacturer</td>
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</table>

The further course taken by the cereals until they reach the consumer will be described separately for bread grain, coarse grain and grains intended for processing or manufacture.
2. Bread grain

The imported wheat delivered to the mills by the V.I.B., and the home grown wheat is processed into semolina, patent flour, Zealand flour, so-called W. flour, whole wheat meal, and so-called A. flour. W. flour is intended for baking of fine white bread. It is pure wheat flour with useful extraction rate of at least 75 per cent. The A. flour is the raw material for cheaper standard white bread; it is wheat flour with a useful extraction rate of at least 84 per cent. In the part a certain percentage of rye meal and potato farina and even during a certain period of maize meal, was added to it. This practice has now been discontinued. The A. flour consists exclusively of wheat flour to-day. The W. flour and A. flour are both made of the same mixture of grain. The whole wheat meal is intended for baking standard full wheaten bread and has a extraction rate of 100 per cent. Semolina and patent flour are types of flour of wheat with an extraction rate of not less than 72 per cent. Zealand flour is flour of soft wheat of an extraction rate of not less than 75 per cent.

The mills are supplied with home grown wheat as well as with imported wheat at a price based on the same calculation. This price is higher than the grower's price for home grown wheat as a trade margin is added to the latter. For that reason the mills have to pay a levy on home grown wheat equal to the calculated price referred to, reduced by the grower's price plus the trade margin. The calculated price is lower than the average price of imported wheat. As the V.I.B. was able to buy imported wheat at favourable prices, (within or outside the international wheat convention), it can be safely assumed that of late bread has not been subsidized any longer. This favourable position may of course change again to disadvantage if the prices to be paid for imported wheat should rise again. At present the loss incurred by the V.I.B. on delivery of imported wheat is almost entirely covered by the revenue from the levies on home grown wheat.

The meal prices charged ex mill are not controlled. The differences are only due to variations of the extraction rate. Maximum and minimum prices apply to-day only to standard white bread and standard whole wheaten bread (varying according to district). The maximum price affords a protection against inflation of consumers' prices, the minimum price is intended to prevent unsound competition between the bakers. When the scheme referred to above was introduced on November 24, 1952, the milling concerns have found themselves to the Minister to supply the bakers consistently with A. flour at a price enabling them to bake standard bread to be sold to consumers at the fixed maximum price. The maximum and minimum prices for standard white and full wheaten bread are the same.

3. Coarse grain.

The V.I.B. hands over the imported coarse grain at the prices fixed by the Government through the offices of the Ce(k)kagra. These prices were formerly fixed at a level that enabled processors to sell products made therefrom at world market prices. Whether or not these prices implied a levy or a subsidy depended entirely on the prices paid for imports. This method no longer applied. After the rationing of feedingstuffs was discontinued on April 28, 1953, in anticipation of the rehabilitation of
the private import trade, a scheme was imposed, implying that the sale prices of the V.I.B. were once a week adjusted to the fluctuations of the prices in the world market.

The importers, obtaining the coarse grain through the offices of the Cekagra, sell in their turn to compounders of feedingstuffs, wholesalers and retailers. Here applies a maximum importers' trade margin of 65 cents per 100 kgs but apart from this, the trade is free from control. The distribution of the available supplies among the importers is still based on pre-war conditions (the basis being the share of each in the total c.i.f. imports during the years 1936 to 1938).

The formation of prices of the crops of the years previous to 1949 was kept under control both of home grown and imported coarse grains. Mid-1949 the Government considered that the time had arrived to decontrol the price formation of home grown grains in line with the new course of the agricultural policy as announced in the autumn of 1948. The ruling directive prices did not apply any more to the crop of 1949, the compulsory delivery of homegrown cereals (wheat excepted) by farmers was repealed and the provisions on rationing of home grown grains were revoked.

In consequence of this, conditions developed, in which:

a. the price formation of home grown fodder crops (coarse grains, pulses, potatoes and fodder beet) was not interfered with any longer;

b. apart from wheat the trade in, and the consumption of, farm grown fodder crops were not subjected to any restrictions any longer;

c. all imported grains, feed with a high protein content (oil-cake and animal proteins) tall grains and also home-grown feedingstuffs rich in protein, had to be sold to the compound-feed manufacturers at fixed prices and had to remain rationed. Moreover, a rationing scheme for these imported feedingstuffs became operative.

The rations from then onwards no longer depended only on the number of livestock on each farm but also on the type of farm.

Bigger rations were granted to small and medium size intensively run "converting" farms and exclusive grassland farms, as these were not in a position to increase the production of farmgrown fodder to any considerable extent. By granting smaller rations to the farms, able to increase the production of farmsgrown feed, the Government anticipated that the production of home grown (bulky) fodder would be stimulated.

This aim has only partly been achieved. A consequence of this new policy, however, that the prices of coarse grains on the home market soon showed a substantial rise. In order to prevent an unwanted swing towards an increase of the area under coarse grains (more particularly to the disadvantage of the area under wheat but also of the area under root crops etc) the Government reinstated, as from the 1951 crop, a limited compulsory delivery of barley and oats grown on clay. It was provided that, if on a farm barley and oats together covered a bigger area than the one under wheat, 2500 kgs per ha had to be delivered at the price of 22.25 glds per 100 kgs. This price was considerably lower than the prices ruling at the home market at that time. This price has never been changed Growers coming under the obligation of delivery are forwarded a demand note in accordance with the data of the May census as recorded by the Central Bureau of Statistics and they are compelled to hand in their lots to an accredited mer-
chant who in his turn must hand it over to the manufacturing and processing industries. Just as with wheat, the Local Administrator sees to it that the obligations of delivery are complied with. The scheme referred to will not apply anymore to the crop of 1953.

Apart from the compulsory delivery of barley and oats grown on clay, the price formation on the home market was entirely left to itself, and the same applies, as already stated to pulse crops.

During the period of rationing the purchasers of the rationed coarse grains were given fodder-coupons according to the criteria underlying this distribution. These coupons entitled them to purchase the feedingstuffs concerned from his supplier. The principles underlying the rationing policy of the last few years were fundamentally still the same as those applying in 1949. In order to advance rational feeding only compound feedingstuffs were supplied on the coupons.

In 1952 the free fluctuating prices of home grown coarse grains dropped occasionally below the prices fixed for rationed imported grains and this is considered to be an indication that the necessity of rationing had gradually faded out. Yet the Government were not yet prepared in the autumn of 1952 to withdraw the ruling stockfeed provisions and to decontrol the market prices. Rationing of feedingstuffs was abandoned on April 28, 1952.

Contrary to the imports of coarse grains, the importation of some substitutes such as tapioca and manioc was left in the hands of the private trade. (This has been done in pursuance of the liberalisation-programme of the OEEC). The same applies to the imports of almost all pulse crops and locust beans.

4. Grains for processing and manufacture.

The provisions described below apply to barley intended for pearl barley mills, for malthouses, and breweries, the oats for rolled oats mills, the maize for maize-starch industry mills and the rye, barley and maize intended for the maltwine and the yeast and methylated spirit factories.

Also the supplies needed for these industries are imported by the V.I.B. The imported grains for these purposes are handed over to the importer in the same way as described for coarse grains through the offices of the Cokagra.

The fixed prices at which these imported grains are supplied depend on the destination of the finished products viz: for export or home market. In the first case the V.I.B. price is based on the conditions prevailing in the dollar market in order to make sure that the exporting industries are able to compete on the world markets. The purchasers have to bear all the risk, whilst the V.I.B. is able, if desirable, to insure against risks by buying futures in the world market. As the V.I.B. prices are based on the world market prices, it is self-evident that they need frequent revision. This scheme has proved to work to everybody's satisfaction.

In the second case (home market supply) the sale prices of the V.I.B. are partly based on the hard currency worldmarket and for the rest on the soft currency money market, viz., as to barley and oats for 20 per cent. on hard currency and for 80 per cent. on soft currency maize for 80 per cent. on hard currency and 20 per cent. on soft currency. The rate of hard currency in the case of maize has been put rather high as during the last few
years the Netherlands was committed almost entirely to imports from U.S.A.

As to industrial grains a maximum importers' margin is operative, amounting to 50.5 cents per 100 kgs. The formation of the prices at later stages is not controlled. The competition between the factories mutually warrants that the prices do not rise unduly.

The supply of industrial grains has been eased in the autumn of 1952 since the industries are permitted to import on their own account without the intermediacy of the V.I.B. It will be clear that this measure is only a preamble to the rehabilitation of free imports.

Exportation of the finished products is only allowed if they were made from imported raw material or purchased at the world market price through the offices of the V.I.B. The reason for this was to prevent that the products are exported at prices lower than those ruling in the world-market as soon as the prices of home grown grains might drop below the world market level. Buying in the home market for home supplies is always allowed, whatever the price-level of home grown grains may be.

The concerns, processing the compulsorily delivered home supplies of barley and oats must pay a levy. In this way the prices of these grains are raised up to the level of prices prevailing on the world market. As regards malting barley, the growers are granted a reasonable bounty. This bounty shows a diminishing character in order to advance the sales soon after harvest. The amount of the bounty is deducted from the levy.

The processing and manufacturing industries are all under the administrative control of the Trade Board. All according to their need, they are supplied with purchase licences in the framework of a supply scheme. These licences are to be handed over to the importers on purchase.

5. Export regulations

With regard to the exports of cereals, seeds and pulses the following provisions apply to-day.

Cereals for sowing, pulses and seeds of field crops such as caraway seed, mustard seed, maw seed and canary seed, can be freely exported. Yet, the exporters of seeds are bound to minimum export prices fixed weekly according to the prices recorded at the exchanges. The seeds referred to when intended for export must comply with rigid standards of quality, adapted to the requirements of the country of destination (three quality classes). No minimum export prices are in force for pulses, but standards of quality have been imposed, whatever the country of destination may be.

Grains for sowing can be freely exported. No minimum export price have been imposed. Exports of wheat for sowing, however, are subjected to a levy, intended to eliminate the disadvantageous difference in price between home grown wheat and wheat sold in the world-market.

In principle grains (excluding grains for sowing) and oil seeds cannot be freely exported. In some cases the export of grains is allowed as a compensating transaction. In this case the exports must be counterbalanced by imports of grains representing the same intrinsic nutritive value as involved in the quantity of the Dutch exports.
Accordingly, a considerable quantity of oats was exported in 1952. The requirement of compensation, however, is not any longer rigidly adhered to for all lots of grain exported. A substantial quantity of rye was exported in 1952, not counterbalanced by imports of other grains. One-sided exports of malting barley have also been allowed. Further exportation of a small quantity of winter rape seed has been permitted in order to safeguard existing commercial relations.

It has already been stated above that exports of products derived from imported grains are only allowed if and in so far as the industrial grains had been purchased at prices based on the world market prices.

Section 3. Potatoes

The marketing and price policy applied to potatoes should be divided into three parts viz: as applying to ware potatoes, to potatoes for farina manufacture and to seed potatoes.

Ware Potatoes

The formation of the prices of, and the trade in, ware potatoes are entirely free from control. This also applies to exports. No centralized exportation has taken place since 1950.

The Potato Trade Board, under the supervision of the Government, is responsible for the promulgation of the marketing and price regulations and their enforcement, and has been given powers to prevent prices from slumping owing to an oversupply or from soaring in case of a shortage.

To attain the aim referred to, first a special Equalisation Fund for Ware Potatoes has been established in 1950. This fund is raised from levies according to the areas planted with potatoes and from levies on exports. The aim is to provide a market to growers by entering contracts (of delivery) with an Institution for the Purchase and Sale of Potatoes (DIVA) in cases that the course of prices shows an unfavourable trend. The financial risk of subsequent marketing will be covered by contribution from the Equalisation Fund. The Government were prepared to contribute a maximum of 10 million guilders annually to the extent of one half share in the losses incurred by the S.I.V.A. This policy was adhered to during the next year. The acreage levies paid into the Equalisation Fund for the 1952 crop were fixed at 50 glds. per ha. In addition, part of the income from a levy on exports of potatoes (amounting to 0.25 cents per kg in 1952) was also added to the fund. Of this export-levy 20 per cent. is paid to the Institution for Storage of and Research on Potatoes (a research institute for potatoes).

If the developments of the price fluctuations in the home market give rise to do so, the Potato Trade Board issues annually the conditions, approved of by the Ministry and ‘drafted in consultation with the trade interests, on which the growers can deliver their potatoes to the S.I.V.A. The purchase prices are intended to put a bottom in the market.

In its turn, the S.I.V.A. tries to find an outlet for the potatoes received (e.g. by sale as stock feed, as raw material to farina mills etc.). The Equalisation Fund has recouped the S.I.V.A. for one half of its losses, the other half having been borne by the Government until to-day.
In 1950 and 1951 this scheme only applied to Ware potatoes, but since the crop of 1952 it also applies to potatoes for processing as far as the acreage levy is concerned. This levy, amounting to 30 glds per ha (crop 1952) was charged on all potatoes as defined in the horticultural crop licence scheme and the fields under seed-potatoes. In addition an acreage of 1 ha was exempted on potatoes grown on sand and past soils. The name of Ware Potato Equalisation Fund was simultaneously changed into Potato Equalisation Fund, as this fund actually consists of two funds viz. a Ware Potato Equalisation Fund and a Processing Potato Equalisation Fund.

The re-establishment of free exports implied also introduction of free market prices.

In order to prevent, however, that some exporters might become the victim of the import policy of some of the purchasing countries, an exporters'fund was instituted in 1950. This fund is raised from levies on the exports of all potatoes (0.50 glds per 100 kgs), not including seed potatoes and stock-feed potatoes. At the end of each year the revenues of the funds are distributed amongst the exporters, in such a way that exporters whose shares in the total exports were lower than in a few adopted basic years, are awarded a comparatively higher amount per 100 kgs, whilst other exporters whose shares in the total exports exceeded the basic quantity are paid out a comparatively lower amount per 100 kgs. In this way an attempt is made to recoup exporters for the damage accruing from a quota policy of importing countries (preference being frequently given to supplies available at the lowest price) at least to some extent. Also this policy has been continued during the years 1951 and 1952. The levy is still 50 cents per 100 kgs.

Potatoes for processing

Potatoes for processing are used as the raw material by manufacturers of potato-farina and some of its derivatives. Since the 1952 crop the acreage levy to be paid into the Potato Equalisation Fund also applies to potatoes for processing, but the export levy was already enforced at an earlier date. (No decision has been taken yet how the funds collected will be spent). Other provisions, applying respectively to ware potatoes and potatoes for processing, are not the same. The price formation of potatoes for processing is exempt from any control. This class of potatoes, however, cannot be offered to the S.I.V.A.

The Netherlands has developed an important export trade of potato-farina. The principal outlets are Great Britain and Western Germany. Normally no noteworthy quantities of potatoes for processing are exported. The policy with regard to the export of potatoes for processing to Western Germany, as pursued to-day is due to the import duties imposed by Germany on farina after liberalisation of the import trade. To prevent that conditions in Western Germany might develop in which potato-farina could be produced cheaper there from imported Dutch potatoes for processing than in the Netherlands, with the consequence that Dutch farina might meet unfair competition from German farina made from Dutch raw material, the Trade Board has put a special export duty on potatoes for processing harvested in 1952 and following years in order to protect the interests of the Dutch potato farina mill.

The provisions of the exporters'fund described above for ware-potatoes apply analogically to exports of potatoes for processing. The exports of these potatoes, however, are, as already stated, not considerable.
Seed-potatoes

The provisions enforced with regard to seed-potatoes show in many respects much similarity to those applying to ware-potatoes. The trade in, and the formation of prices, of seed-potatoes are free from control. Yet, the Trade Board for Seed potatoes annually fixes minimum prices for seed-potatoes after consultation with the farmers' organisations. The growers are entitled to offer their stocks at the minimum price (plus a storage fee) to the Institution for the Purchase of Seed Potatoes (Stopa, established in 1951). After a fixed date (March 1) however, the trade is given an opportunity to buy on the same conditions.

Since 1947 there is also a Seed Potatoes Equalisation Fund x) Analogical to the procedure adopted for other potatoes the fund is raised from levies charged according to the area under seed-potatoes (for the 1952 crop 50 glds. per ha), but fields from which crops have been disqualified as seed-potatoes are exempted, as the potatoes yielded on those cannot be sold as seed. In addition, an export levy on seed potatoes (50 cents per 100 kgs) is also paid into this Equalisation Fund. A fixed sum of the total amount of the contributions is transferred to the Institution for Propaganda of Dutch Seed-Potatoes Abroad (viz 2 x 182,000 glds) and another fixed amount (2 x 45,000 glds) is paid to the Institution for Storage of and Research on Potatoes.

The money of the Seed Potatoes Equalisation Fund is spent in two ways. Firstly to cover the losses incurred by the Stopa from the sale of the lots purchased from the growers, or the dealers in pursuance of the guarantors-scheme. It should be stated here that the Stopa is not entitled to re-sell the lots purchased for planting purposes. If after delivery fresh opportunities present themselves for the sale of seed-potatoes, the contract entered into must first be cancelled and the seeds must be sold through the normal channels of trade.

Secondly to cover the price reduction scheme applicable to exports. To stimulate the export of seed potatoes, the Trade Board has, for a few years, arranged a reduction of the price, if more than a definite quantity (varying according to the country of destination) is exported to one country. The conditions imposed for that reduction are published at the beginning of each exporting season. As soon as it becomes evident that the fixed quantity has been exported to the country concerned the Dutch exporters as well as the foreign importers will be granted the promised reduction. This scheme is only applied for a number of West- and South-European countries. The money is supplied by the Seed-Potatoes Equalisation Fund. No exporters'fund, similar to those for Ware potatoes and potatoes for processing, exists for seed-potatoes. For completeness'sake mention should also be made of the subsidy granted to growers and exporters

x) During the years 1947 - 1951 before the Stopa was founded, the A.V.A. acted as the purchasing agency of seed-potatoes
(per ha and per 100 kgs respectively) for white-flesh varieties of potatoes. This subsidy has been granted since a few years ago in order to stimulate the production and export of white-flesh seed-potatoes and to publicize these seeds abroad. The subsidy is gradually reduced and will be paid out for the last time in 1954. It is paid out of the General Seed-Potatoes Fund, a special reserve fund of the Trade Board, being raised from the export levies already referred to, up to the 1951 crop.

To stimulate the production of Alpha seed-potatoes a special subsidizing scheme was designed for the 1953 crop. Growers of this seed are granted a subsidy of 125 glds per ha for all quality classes except class C.

Section 4. Sugar beet.

The present arrangement of the price for sugar beet dates back to the crop of 1949. The growers' price of beet may fluctuate widely but it is linked up with the fixed price of sugar, being 48 glds per 100 kgs ex factory (for the 1952 crop, the price was increased by 57.5 cents per ton of beet to recoup the rise of the cost of production ensuing from the Unemployed Salaries and Unemployment Act x).

The prices paid by the factories are of course liable to competition between the factories and are, to a large extent, affected by the depreciation and reservation policy pursued, the (free) market prices of wet pulp and of molasses etc. The first mentioned factor is of great importance to individual farmers on account of the limited number of factories (twelve in total, but five of them are affiliated to the Central Sugar Society).

Apart from the guaranteed fixed price of the sugar sold, a maximum retail price has been imposed in the interest of the consumers. This price amounts to 91 glds per 100 kgs. The net price received by the factories after deduction of trade margins (11 glds), 4 per cent purchase tax (5.20 glds) and excise duties (29.25 glds) is 47.55 glds per 100 kgs being slightly less than the guaranteed price ex factory. A compensating subvention is paid to the factories by the V.I.B. (from the Agricultural Egalisation Fund) to eliminate the difference.

The following applies to imported sugar. Imports of (crude) sugar are not arranged by the V.I.B. but by the factories buying that sugar (on licences issued by the Trade Board for sugar). Up to the end of 1952 the position was, that the refineries were unable to deliver the refined sugar at a profit to their customers. For that reason the V.I.B. paid a subsidy to the processing concerns counterbalancing the deficit of

x) Contrary to the normal course the price of sugar beet of the 1953 crop has been fixed at 43.50 per ton of beet with a sugar content of 16.5 per cent. delivered by barge or lorry at the factory.
the production price ex factory and the actual price ex factory as adapted to the retail price in the home market. The amount of the subsidy was consistently adjusted according to the fluctuating prices of imported sugar. In case the imported sugar was processed into commodities intended for export (e.g. condensed milk) a levy was due by the exporter to the Trade Board, to compensate for the subsidy paid out previously. Also the amount of this levy was regularly adjusted to the prevailing conditions. Since 1950, however, a scheme has been operative for exports of sugar-containing commodities implying that the exporters were allowed to stabilize the levy for a number of months if in compliance with special conditions.

Today the position is reversed. Since 1952 the world market prices of sugar are gradually dropping. From December 22, 1952 onwards concerns which use imported sugar do not receive any subsidy from the V.I.B. and since February 23, 1953 they even have to pay a levy. The amount of this levy has been fixed so that the factories concerned are delivering imported sugar at the same price as is charged for sugar made from home grown sugar beet. The export levy has been changed into a restitution. The provision allowing a fixation for a number of months is still in force.

Section 5. Winter rape seed and other oil seeds.

Winter rape seed is one of the few arable crops of which the price has not yet been decontrolled. The growers'price for winter rape seed as fixed by the Government is a directive price (55 glds per 100 kgs for the 1952 crop). The prices of the two articles made in the oil mills from winter rape seed, i.e. rape seed oil and oil cakes for feeding, are liable to fixation by the Government. A maximum price of 79.39 glds per 100 kgs applies to crude oil and a directive price is fixed for the oil cakes, the latter being regularly adjusted to the world-market price since the rationing of feedingstuffs was abolished.

From June 1, 1953 onward that price amounts to 26.50 glds per 100 kgs. The value of winter rape seed to the oil mills at the prices of the finished products rape oil and cakes referred to above is appreciably lower than the growers' price fixed for winter rape seed. In order to enable the oil mills to pay the fixed price direct, or via the trade to the growers, they receive a restitution from the Trade Board for Margarine, Fats and Oils to bridge the difference between the growers' price and the which can be realized for winter rape seed intended for oil making. A correction is applied according to the oil content of the seed depending on the oil content of the seed as a supplementary restitution (in the case of a low oil content) or a reduced restitution (in the case of a high oil content). The price arrangement also implies that the A.V.A. enters the market as soon as the fixed rape seed price cannot be fetched.

Most of the crude rape oil is refined and worked into articles of food (margarine, edible oil, edible fat). The maximum price for refined rape oil is fixed at 95.30 glds per 100 kgs not including the levy described in detail. The prices ruling for margarine, edible oils and edible fats are not regulated. This does not prevent the government from aiming at a preconceived price level in compliance with the wages and price policy pursued. This price level exceeds the price fixed for refined oil increased by respectively the customary processing and trade margins. The difference

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is eliminated by putting a levy on margarine, edible oil and edible fat, with the consequence that the restitution paid in regard to rape seed is partly reimbursed and also the uncovered difference of the home market price and the world market price is almost wiped out.

Considerable quantities of oil seeds are imported. The transactions are concluded by the V.I.B., the consignments being transferred to the importers of oil seeds by the Netherlands Oil-Raw Materials Association at a price adjusted to the prices fixed for the various kinds of crude oil and oil cakes, to which the oil mills are bound. The levy referred to above is payable during the subsequent stage of processing if the raw material is of foreign origin. In this case it depends entirely on the import prices of oil seeds whether a levy equal to the difference in prices, as recorded by the V.I.B. at the time the oil seeds are resold, is absolutely compensated. The amount of the levy is the same whether the raw material is of home or foreign origin.

A small portion of the rape oil is used for technical purposes (soap, paint making etc.). In this case a levy on oil is due during the subsequent stage of processing, eliminating the difference in price, recorded by the V.I.B. at the time the raw material was transferred. The levy is paid by the concern delivering the crude oil to the manufacturing industries. It is regularly adjusted according to the fluctuation of the prices of imported seeds.

Flax seed.

The growers' price of flax seed is not controlled. The policy of the Government in respect of the price is to ensure that the growers receive at least the price ruling in the world-market. This aim is attained in the following way. As to linseed oil the maximum price has been fixed at 175.05 glds per 100 kgs ex-mill and for linseed cakes a directive price of 38.65 glds per hundred kgs has been fixed since June 1, 1953, the latter being regularly adjusted to the world-market price level.

The value of (home-grown) flax seed to the linseed mills as raw material can be derived from those prices. This value exceeds the world-market price. This excess of the value to the oil mills as raw material is eliminated by a (regularly adjusted) levy charged to the oil mills. The policy as described implies that the price of home-grown flax seed is adapted to the world-market price.

Imported linseed is transferred from the V.I.B. to the established trade by the Netherlands Oil-Raw-Material Association at such a price that the oil mills are able to supply the linseed oil and linseed cakes at the fixed prices. It depends on the level of the import prices whether the transfer price of the V.I.B. gives a profit or a loss.

Linseed oil is almost exclusively used for technical application. The formation of the price of linseed oil sold at the home market is from the stages following the maximum price ex-mill onward, not subjected to any control. If the commodity is exported, however, in any form, the exporters are paid a compensation enabling them to compete in the world-market.
Linseed

In order to stimulate the cultivation of this crop in the country a directive price for linseed has also been fixed in the last few years (crop 1953: 75 glds. per 100 kgs). Again linseed oil made from this seed is mainly used for technical purposes. The maximum price ex mill is 175.05 glds. per 100 kgs. As this price and the price of the cakes of 38.65 per 100 kgs. do not correspond with the growers' price of 75 glds. per 100 kgs. of linseed, the mills are paid a restitution as in the case of rape seed.

If the oil, either crude or refined, is exported, the exporters will receive the same compensation as has been mentioned with linseed oil made from flaxseed, in order to enable them to compete at the world market (this is nothing but a necessary consequence of guaranteed growers' prices fixed by the Government).

The price policy is analogous to the one pursued for rape seed as far as the action of the A.V.A. on the market is concerned, in case the fixed price should not be fetched.
Chapter III

The Marketing and Price Policy for Livestock Produce.

Section I Livestock and Meat.

Summary.

a. The guaranteed price fixed for bacon pigs is the basis of the marketing and price policy for livestock and meat. In paying this price, the Trade Board for Livestock and Meat is empowered to apply a margin of 10 per cent. above or below that price. The formation of the prices of fat pigs and of cattle and sheep is not interfered with.

b. The guarantee of a market for bacon pigs only serves to ensure an outlet for bacon as far as the Government has such an outlet at their disposal. For the time being this outlet is founded on an agreement on the supply of bacon with the United Kingdom.

c. If the supply of bacon pigs at the fixed price is too short to comply with the obligations the Government have taken upon them, the Trade Board takes measures to increase the supply by restricting other exports and by paying a price in excess of the fixed price.

d. If the supply of bacon pigs at the fixed price is exceeding the outlet which the Government can provide, the Trade Board has powers to restrict that supply and to enlarge the other possibilities of export and home consumption of pork.

On 6 November 1949 cattle and sheep were freed from price control for slaughter on the same date sales at collecting markets were suspended and beef, mutton and lamb were directioned and freed from price control. At the same time the payment of subsidy was abolished. These conditions have not been altered since. Exports and imports of beef, mutton and lamb are, however, bound to a licensing system.

To-day the Government guarantee to pigbreeders applying to the fattening of bacon pigs has become the only support given in the marketing and price policy for livestock and meat. As is known the Government guarantee is closely associated with the bacon-agreement with the United Kingdom. In this connection it should be stated that the Minister has repeatedly explained that the guarantee referred to is absolutely confined to the marketing prospects open to the Government. This actually implies that the bacon-agreement with the United Kingdom determines the limit of the quantities that can be sold under this guarantee. If the supply of bacon pigs exceeds this limit, the Trade Board for Livestock and Meat is faced with the task of finding a way out of the difficulties. The means available to the Board in this respect will be outlined later on.

The task of the Trade Board for Livestock and Meat imposing and enforcing the marketing and price regulations under supervision of the Government is a threefold one.

a. Implementation of the guaranteed prices of bacon pigs as fixed by the Government.

b. Seeing to it that the home market is supplied with reasonable numbers of fat-livestock and that supplies of meat are at prices in compliance
with the wages and price policy of the Government.

Maintaining and, if possible, promoting a profitable export of meat
and preserved meat apart from the export of bacon to the United King-
dom already referred to.

Actually, the implementation of market and price regulations for live-
stock and meat depends to a considerable extent on the supply of bacon pigs.
These are sold by the farmers to the bacon factories in a free market.
After the pigs have been cured into bacon, this bacon is taken over from
the bacon factories by the livestock and Meat Purchase Office (a Government
agency) at a price enabling the factories to pay the farmers the guaranteed
price fixed for pigs. The bacon export to the United Kingdom is a Government
enterprise, working at a loss. Since the autumn of 1952 the British Govern-
ment pay a price working out at 2.20 glds. to 2.30 glds per kg. dead weight,
taking into account the current price of the offal. In spite of the fact
that these exports render a loss, the Government have, since the end of the
war always been convinced of the desirability to maintain, or even to in-
crease, these exports as they are the basis of pig keeping in this country.

In 1950 and 1951 the conditions prevailing at the home pig market were
so that the supplies of bacon pigs fell short to cover the export obligations
entered into, with the British Government. For that reason the exports to
other countries had to be restricted to ensure bacon supplies for the ful-
fillment of the agreement with the United Kingdom Government.

In the meantime also a very profitable meat canning industry had
developed. This industry had built up a very useful export trade, at prices
which were more attractive than those made for bacon. This meat canning in-
dustry was not subsidized and its export strengthened our foreign curren-
cy position, in particular on account of the exports of tinned hams to the
United States.

In order to ensure that the agreement with the British Government
would be honoured, the Trade Board felt that it was necessary during
the years 1950 and 1951 to limit the exports of canned and processed
meat. Exports in excess of the quotas allotted was only allowed if
an equivalent importation of meat was assured. As this additional quota
of exports was transferable, it represented a certain value in money,
inducing the Trade Board during a following stage to regulate the ex-
ports of canned and processed meat, bacon and fresh meat by imposing
export duties. The fees to be paid came to the benefit of the Trade
Board and were used later on to support the pig prices.

In the course of 1952 the situation of the pig market changed
altogether. The supply of all pigs increased substantially and the Trade
Board was confronted with difficulties just reverse to those encountered
in 1950 and 1951. In order to give the Trade Board more freedom of action
in controlling the market, under the conditions prevailing the Government
agreed that the Livestock and Meat Purchase Office would not have to
base their purchase price for bacon exactly on the guaranteed price
fixed for pigs. Limited fluctuations in this price were permitted.
From May 5th, 1952 onwards calculation of the bacon price can be made on
the guaranteed price for pigs with a swing of 5 cent per kg. dead
weight either below or above the guaranteed price. In this way the Trade
Board was equipped with a weapon to restrict the supply of bacon pigs.
when they were plentiful and to stimulate supplies when they were short. The surplus accruing from the difference between guaranteed price and the price actually paid by the Livestock and Meat Purchase Office at times when supplies are plentiful does not come to the benefit of that Office but is paid into a special fund, administered by the Trade Board. The intention is that in case of short supplies and if necessary the fund will be used for the payment of prices in excess of the guaranteed price. In the autumn of 1952 it became evident that the swing of 5 cents downward did not afford the Trade Board sufficient elbow-room to attain the objective in view - a healthy market. Bacon pigs were still in excessive supply. On consideration of this position the margin allowed for the calculation of the purchase price for bacon was increased to 10 cents per kg dead weight (approx. 7 q. per lb) on December 8, 1952.

The exports of canned and processed meat, referred to above have showed very favourable developments in the years just past. This statement applies in particular to exports of tinned hams to U.S.A. and exports of tinned luncheon meat to Great Britain. Exportation of luncheon meat was a paying proposition particularly as it afforded an outlet for fat trimmings of pigs, originating from carcasses trimmed for curing into bacon or for processing into exquisite canned meats. Imports of this luncheon meat into Great Britain were on open General Licence at first, but were restricted in 1951 for balance of payments reasons. The export trade in canned meat was confronted with difficulties accruing from these restrictions. The prices of fat dropped to such a low level in 1952 that the very profitable export trade of before was menace with extermination.

The Government interfered in order to save the position by compelling the margarine industry to use from January 5, 1953, a given quantity of fat in the production of margarine. In the pattern of this measure each meat canner has been given the right in the case of export of specific types of canned meat to have a given quantity of fat and fat offal melted by fat-melters. For this fat and offal they are paid a fixed price. The fat-melters supply the rendered fat to fat refineries and the latter sell it to the margarine industry again at a fixed price. As, this price is too high for maintaining the consumers' price of margarine as fixed by the Government, the margarine industry is granted a subsidy paid from the Agricultural Equalisation Fund.

This compulsory use of fat in the production of margarine is a very effective means to ensure that the fat parts of a pig for which a suitable outlet is very difficult to find, are duly brought into consumption. It is evident that in this way the pig industry too is given some support.

If the supply of bacon pigs might keep on to increase so as to make these measures ineffective, the following course could be contemplated:

a. An additional outlet be found for the oversupply of bacon, with the support of the bacon fund that will have been formed in the mean time,

b. The necessary decrease or a more efficient distribution over the season of the supply of bacon pigs could be promoted by enlarging the swing of 10 cents per kg.
The price of bacon has been repeatedly altered during the last few years. This was due to the changes in the prices of imported coarse grains. Since May 19, 1953, the price for bacon pigs amounts to 2.34 glds. per kg. dead weight for second quality pigs (with a bonus of 3 cents per kg. for first quality and a reduction of 3 cents per kg. for third quality pigs). As already stated the Trade Board is applying the 10 cents swing downward and is now only paying out 2.24 gldas. per kg.

Section 2. Dairy produce and preserved milk.

1. Marketing institutions.

The marketing institutions in this sphere are the Central Trade Board for Dairy produce, Margarine, Fats and Oils, the Trade Board for Dairying and the Purchase and Sale Office for Dairy produce. The Central Trade Board has been instituted as a result of the need felt during the war to co-ordinate the supplies of dairy produce, margarine, fats and oils. Yet it has never been delegated the task of organising the market and in respect of the marketing and price policy for dairy produce it does not play a part of any importance. This task is exclusively delegated to the Trade Board for Dairying. The Purchase and Sale Office for Dairy produce acts only as a commercial agency.

2. General principles.

The marketing and price regulations in the field of milk and dairy produce are based on the following principles.

a. A minimum is guaranteed by the Government for the average financial return of all milk. For the season 1952/53 this price was fixed at 20 cents per kg. of milk with 3.5 per cent butterfat. The prices are fixed by the Minister of Agriculture, Fisheries and Food. The price guarantee does not imply that every kg. of milk will have to fetch the guaranteed price. The standpoint of the Government is that the guarantee will be complied with if the total quantity of milk produced during one season will on an average fetch the guaranteed price. (The average realized milk price is not considered to be the average price received by the farmers but the average dairy value realized, that is the gross returns reduced by the costs of delivery, manufacturing or processing cost, cost of despatch, packing cost etc.) The price received by the individual dairy farmers may therefore be lower or higher than the guaranteed price according to the difference in the prices made for the final products and the cost just referred to.

The Government guarantee mentioned above amount to this that but for the known subsidy on milk intended for liquid consumption, no money is paid by the treasury as long as the average return for all milk equals or exceeds the guaranteed price.

b. The prices paid for milk for liquid consumption, butter, cheese or preserved milk by retailers and consumers are not controlled. Milk for liquid consumption and milk-beverages for home consumption are subsidized. Price control on preserved milk was discontinued in
1947, in the case of butter and cheese this happened in 1949 and in the case of milk for liquid consumption and preserved milk for home consumption the date was April 19, 1953.

An eventual drop in the prices of butter, cheese and milk products is limited by the reputation that butter, cheese and skimmilk powder can always be delivered to the Purchase and Sale Office for Dairy produce (I.V.Z.) at prefixed prices. These purchase prices paid by the I.V.Z. are putting a bottom in the market. The purchase prices for butter and cheese have been fixed by the I.V.Z. at such a level that they render some support to the milk price on the one hand, but on the other hand will not unfavourably influence the sales-possibilities. The purchase price for skimmilk powder as fixed by the I.V.Z. has been deducted from the butter and cheese prices.

c. The returns accruing from the subsidized price for the liquid milk on the one hand and those realized for butter, cheese and preserved milk on the other hand are levelled out.

At the time the prices for butter, cheese and preserved milk were decontrolled it soon became evident that the prices for milk intended for processing could rise considerably above the level that was fixed for milk intended for liquid consumption. This position endangered the supply of liquid milk. Apart from this the Minister was not at all pleased to discover that the consequences of an adverse development of the milk and dairy produce prices were brought to bear on the Government (losses incurred from the products sold to the I.V.Z.), whilst the consequences of an upward profitable movement of the prices above the prefixed level to the benefit of the dairy farmers. With a view to wipe out these extreme consequences the Trade Board for Dairying (B.Z.) established a Dairy Fund in April 1950.

To the Dairy Fund are paid a uniform levy per percent milkfat on all milk delivered to all factories and dairies, contributions by cheese making farmers according to their output, and contributions by farmers selling whole milk. 1) Since November 2, 1952 these levies have been fixed at 30 cent per percent. of fat in every 100 kgs. of liquid milk or cream supplied by dairy farmers, at 9.85 glds. per 100 kgs. of farmhouse cheese, and at 1.10 glds per 100 litres of liquid whole milk sold for consumption. 2).

These levies are not the only source of income of the Dairy Fund. In pursuance of the so-called Protocol of Luxembourg the Netherlands have imposed a levy on exports to Belgium of butter milk

1) Whole milk is full cream milk still sold to consumers in Zealand and on the island of Goeree and Overflakkee.

2) During the summer these levies were revised retrospectively from November 2, 1952 to the effect that the levy amounted to 20 cents per percent. of butterfat contained in every 100 kgs. of liquid milk or cream supplied by the farmers, to 6.60 glds. per 100 kgs. of farmhouse cheese and to 0.75 glds. per 100 litres of liquid whole milk sold for consumption.
The levy imposed for liquid consumption, cream and coffee milk. Half of the revenue from this levy is paid out to the Netherlands and the other half to Belgium or Luxemburg. Since November 1, 1952 the share received by the Netherlands is paid into the Dairy Fund.

The Funds accumulated in this way are being spent on three items:

1) Some of the money is earmarked to cover eventual losses ensuing from the sale of products purchased by the Dairy Fund (see above).

2) The returns on the one hand from milk for liquid consumption sold by the dairy farmers and on the other hand from butter, cheese and preserved milk are equalized. This means that if the average returns accruing from the sale of manufactured produce (butter, cheese and processed milk) are higher than the "calculation" price paid for milk intended for liquid consumption, (for explanation see sub d), a payment is made on the milk for liquid consumption out of the Dairy Fund. If the returns of the manufactured produce are lower, than those for milk for liquid consumption, a levy is imposed on liquid milk to the benefit of the Dairy Fund. (The so called: Dairy Value levy).

3) Finally the money of the Dairy Fund can be spent for any purpose to be determined as decided by the Trade Board, whether or not in relation to the marketing of dairy produce and preserved milk.

The primary task of the Dairy Fund is, to equalize the revenue of the dairy farms from milk for liquid consumption on the one hand and from milk intended for processing on the other hand. This does not imply, however, that the revenues from milk for liquid consumption or from milk processed into butter, cheese, condensed milk or milkpowder are equalized product by product. The prices of dairy produce and preserved milk are formed in the open market and it may happen at a certain time that for milk processed into butter another price is realized than for milk used in cheese-making. The B.Z. calculates regularly (once every four weeks) the average return of milk for processing. If this return exceeds the "calculation" price of milk for liquid consumption, the difference is paid to farmers producing such milk out of the Dairy Fund. If that price is lower than the "calculation" price for liquid milk the farmer producing such milk is liable to pay a levy to the Dairy Fund equal to that difference.

The levies to be paid for the milk supplied by the dairy farmers, for farmhouse cheese, and whole milk sold for liquid consumption are fixed in advance. In order to accomplish this, the B.Z. is compelled to estimate before the beginning of each new milking season (Nov.-Oct.) what the probable expenditure from the Dairy Fund (dairy value payments and losses of I.V.Z.) will amount to as well as the revenue that can be anticipated from the export levies on produce consigned to Belgium and Luxemburg. In order to get some idea beforehand of the amounts to be paid out, it is necessary to make a forecast of the anticipated fluctuations in prices of dairy produce and preserved milk. Until to-day the Dairy Fund has functioned very well and it has not happened yet that the expenditure exceeded the revenue.
The Dairy Fund deals with the financial results of each milk price year separately. A profit and loss account is made out at the end of each year. A surplus has always been paid out to the farmers according to the levies paid by them, and a deficit has been transferred to the account of the next financial year of the Dairy Fund.

d. The Government has fixed a so-called "calculation" price for milk for liquid consumption. In 1952/53 this price was 22 cents per kg. of milk with 3.5 per cent butter-fat.

Before April 19, 1953 the calculation of the subsidy paid by the Agricultural Equalisation Fund was based on this calculation price. This subsidy was at that time equal to the difference between the consumers' price that could be calculated at the basis of a farmers' price of 22 cents per kg. of milk with 3.5 per cent butterfat (the calculation price) and the actual consumers' price as fixed by the Government. This procedure has now been discontinued.

Apart from this the calculation of the dairy-value-payment on milk for liquid consumption was based on the calculation price. If the average returns from milk processed in factories exceeded the calculation price for milk for liquid consumption such a dairy-value-payment was made on that milk that the prices of milk for processing and for liquid consumption came at the same level. In this way the revenue from milk for processing and for liquid consumption was equalized. This scheme was maintained when on April 1953 the consumers' price was decontrolled. This implies that a levy is imposed on milk for liquid consumption as soon as the price for milk for processing drops below the "calculated" price for milk for liquid consumption.

The minimum guaranteed price for all milk is now fixed at 20 cents per kg. of milk with 3.5 percent butterfat, the calculated price being to-day 22 cents per kg. of milk with 3.5 percent of butterfat. Before the beginning of the milk-price year 1952/53 the minimum guaranteed price of all milk as well as the calculated price of milk for liquid consumption amounted to 20 cents per kg. of milk with 3.5 percent of butterfat. At the request of the trade interests the Government have increased the calculated price of milk for liquid consumption with 2 cents in November 1952, that is 2 cents above the guaranteed price applying to all milk. Due to this the following conditions prevail to-day. As stated the milk and dairy industry cannot anticipate any extra financial support from the Government apart from the subsidy granted on milk for liquid consumption, as long as the average price made for all milk once is more than 20 cents per kg.

As roughly one third of the total milk yield is intended for liquid consumption, the fixation of prices of to-day means that the returns coming from milk for processing may drop to 19 cents per kg. (\(\frac{22 - 2}{3} = 20\)), before the Government, apart from the subsidy granted on milk for liquid consumption, will put funds at the disposal of the dairy industry. The guarantee given by the Government does not become effective before the returns of the milk for processing drop below the level referred to, being 19 cents, per kg. Only then does the Government refund the difference. This has been very plainly stated by the Minister at the last price review.
c. Imports of dairy produce and preserved milk are subject to a licence issued by the Trade Board. No imports of butter or condensed milk are taking place. There are some imports of some kinds of cheese, of other types than Dutch cheese. These cheese as well shall contain at least 40 percent butterfat in the dry matter. Importation of such cheese has been liberalised in accordance with the liberalisation scheme of O.E.E.C. and is subject to an import duty of 15 per cent. ad valorum. Comparatively of the greatest importance are the imports of separated milk and skim milk powder from Belgium. These resell from the low prices ruling for separated milk in Belgium. The Belgian separated milk is used in the Netherlands for stockfood on the farms and for standardisation of milk for liquid consumption.

Exports of dairy produce and preserved milk are free but for one exception applying to cheese. In years gone by exports of butter, cheese and preserved milk had always to comply with the requirement imposed by the Government that they had to yield a given minimum amount of foreign currency i.e. the could not be sold below a fixed minimum export price. The minimum export prices were originally more or less adjusted to the theoretical costs of production. This link has been weakened in the course of time in order that the commercial possibilities could be better utilized. As the minimum export prices hampered the sale of produce in some cases, they were revoked for condensed milk and milk powder in 1951 and on February 5, 1952 for butter. As the exporters of cheese showed that they appreciated the continuation of this price scheme the system of minimum export prices is still in existence for cheese.

Exports of butter, milk for liquid consumption, cream and coffee milk to Belgium are subject to the provisions of the agreement concluded between the Netherlands and Belgium/Luxemburg in 1950, embodied in the Protocol of Luxemburg. Under the heading "Butter" some further particulars will be given of this agreement.

3. Milk for liquid consumption.

Milk for liquid consumption is the last product from dairy farms of which the price has been decontrolled. Maximum consumers prices were fixed up to April 18, 1953, the price paid by retailers was a fixed price. 1) The milk intended for liquid consumption is standardized at a butterfat content of 2.45 per cent. 2)

1) This price was not the same in all parts of the country. At the end there were five price classes. Municipalities belonging to class I (i.e. the big towns in the West where local supplies were short) the maximum consumers price for not bottled standardized milk was 22 cents per litre and in the other municipalities it was 21 cents per litre.

2) In the Western milk-consuming area the following control is still exercised. The milk standardizing dairies and dairy factories are bound to deliver milk with at least 2.45 per cent. of butterfat. If it turns out on control that the actual fat content (averaged over 4 weeks) has been below this minimum, the B.Z. imposes a levy. This levy amounts to 14 cents per 100 litres, if the fat content is 2.44 percent., to (14+5) cents per 100 litres if the fat content is 2.43 percent, and if the fat content is below 2.43 percent the levy is 14 cents per 100 litres (see page 32)
The Government grants a subsidy on milk for liquid consumption out of the Agricultural Equalisation Fund in order to keep the consumers price down. When this price was fixed, the subsidy equalled the difference between the retail price, calculated on the basis of the "calculated" price and the actual retail price fixed by the Government, or, in other words, the difference between the calculated price and the returns a farmer would realize if the fixed retail price were taken as the basis of calculation.

From April 19, 1953 onward the total amount of the subsidy granted so far, has been maintained. Of this 1½ cents per 100 litres is reserved for all milk sold for liquid consumption in the Western consuming region and 3/4 cents per 100 litres for all milk consumed in other regions of the Netherlands, where local supplies are short. The remainder is equally divided over the total quantity of standardized milk sold for liquid consumption in the country.

Apart from this, a payment can be made for milk for liquid consumption out of the Dairy Fund, called the dairy value payment, namely if the average realisable value of milk for processing exceeds 22 cents per kg. As has already been argued the payment of the dairy value payment has the effect of equalizing the revenue which the farmers will receive for, liquid consumption and from milk for processing purposes. If the realized value of milk for processing drops below 22 cents per kg., the dairy value payment is altered into a dairy-value levy. This has been the case since February 1953. Both the dairy-value payment and the dairy-value levy amount to the difference between the dairy value of milk for processing and the calculated price for milk for liquid consumption. In the one case the dairy-value of milk for processing is highest, in the other case the calculated price of milk for liquid consumption is the higher of the two.

By the dairy-value of milk for processing is meant the realisable value of this milk under the ruling marketprices of the finished products. Before April 19, 1953 the B.Z. did not base the calculation of the dairy-value payment (resp. levy) to be paid during the summer and the winter on the same finished products. During the summer the dairy-value payment was calculated from the prices of all products made from milk, but during the winter it was calculated only from the price of full-cream cheese, made in factories. This was done for the reason that the creameries could not fully satisfy the demand for "supplementary" milk for liquid consumption, and therefore the liquid milk supplying dairies had also to purchase "supplementary" milk from other branches of the dairy produce manufacturing industry (mainly cheese factories). The liquid-milk supplying dairies had to be enabled to compete with the price made for milk for cheese making and therefore the B.Z. felt justified to base its calculation of the dairy-value payment during the

2) content is 2.42 per cent. a levy of (14 + 5 + 6) cents per 100 litres is due etc. The revenue from these levies is paid into a separate fund. No large amounts of money are involved, however.
winter exclusively on the prices ruling for factory-cheese. In order to assist the liquid-milk supplying dairies to get milk in their competition with the cheese factories, the dairy-value payment was in the course of a year occasionally increased by certain amounts the so-called "plusses". In the period July 13, 1952 to April 18, 1953 these "plusses" were per 100 kgs. of milk:

- July 13, 1952 to October 4, 1952 nil.
- October 5, 1952 to November 29, 1952 0.25 glds.
- November 30, 1952 to February 21, 1953 0.50 glds.
- February 22, 1953 to April 18, 1953 nil.

As from April 19, 1953 both calculations are made (i.e. the one on the basis of all milk for processing and the one on the basis of the milk for cheese-making) and the dairy-value, used as the basis for the calculation of the dairy-value-payment, respectively the levy on milk for liquid consumption is fixed at the highest of these two figures. The subsidy from the L.E.F. and the dairy-value payment (resp. levy) are settled once every four weeks.

In the Western milk consuming area a quality scheme is in operation for the milk standardizing dairies and the unbottled milk distributed by dairy factories. This milk is classified once every four weeks by the milk control stations as "good", "unsatisfactory" or "poor". The factories and dairies receive as additional payment per 1000 litres of good milk, but they are liable to a levy for unsatisfactory and poor milk according to the degree of deficiency in quality. This scheme is entirely self-supporting. On August 16, 1950 a separate fund has been established out of which the additional payments are made and to which the levies are paid in. No large amounts of money are involved. The payments and levies are not passed on to the dairy farmers. They are exclusively put at the disposal of the milk standardizing dairies and the dairy factories.

In a number of districts the demand for milk exceeds the production capacity of that district during some periods of the year. The dairies in these districts then have to buy so-called "supplementary supplies" from outside their district. In respect of these "shortage areas" a compensation scheme for "supplementary milk" purchased in other parts of the country was in operation. The supplementary milk scheme operative in the so-called Western milk consuming area (covering the larger parts of the provinces of South Holland and Utrecht and the southern part of North Holland) was different from the scheme applied in other parts of the country.

The dairies in the Western consuming region who had to buy "supplementary milk" were indemnified for the extra costs incurred by payments from the L.E.F. as it was not allowed to increase the retail price for liquid milk in the West of the country. The Western "shortage" region was for that purpose subdivided in a number of districts. From July 13, 1952 to April 18, 1953 the indemnification for the purchase of supplementary milk consisted of:

- a fixed amount applicable in all districts of 0.30 glds. per 100 litres of all milk for liquid consumption;
- a varying amount per 100 kgs of supplementary milk required, according to the district and the period in which such milk had to be bought.
As a rule in other parts of the country the milk standardizing dairies received an indemnification of 1 gld. per 100 litres of all milk they sold, to meet the extra costs accruing from the purchase of supplementary milk. Out of an increase of the consumers' price of 1 cent per litre.

The supplementary milk supply scheme as described above was discontinued on April 19, 1953. Since that date the subsidy granted by the Government from the L.E.F. for the supplementary milk for the Western milk consuming region was 1.5 cents per litre and in the shortage areas in other parts of the country a payment was made of 0.75 cents per litre.

4. Butter

The price of butter was decontrolled in 1949. In order to effect a minimum price for butter the Government have ordered the I.V.Z. to buy any quantity of butter at pre-fixed prices. This opportunity has been taken much advantage of during the past years, in particular during the summers. Some of this butter was exported to Great-Britain at a loss, the remainder was sold either at the home market or abroad during the winter through the usual trade channels. The proceeds for this butter depend on the market situation. Butter sold to the S.V.Z. must be delivered in the week of manufacture or the following week. As from February 28, 1953 onward a purchase price of 4 glds per kg. net has been fixed on cold store inclusive of packing (i.e. 3.85 glds. per kg. off factory unpacked). When the price of butter is 3.85 glds. per kg., milk with 3.5 percent butter fat can fetch 18.72 glds. per 100 kgs. (if the price of separated milk is estimated at 5.4 cents per kg.).

Exportation of butter is free, but exports to Belgium and Luxemburg are bound to a special scheme of levies. The provisions embodied in the agreement concluded on October 1, 1950 between the Netherlands and Belgium/Luxemburg in respect of agricultural produce, as laid down in the so-called Protocol of Luxemburg, came into operation on Jan. 1, 1951.

It was stipulated in the protocol that from that date onward the Netherlands authorities will impose a levy on the exports of the specifically mentioned agriculturaly products (including butter, milk for liquid consumption, cream and coffee milk) equal to the difference between a minimum price applicable on importation into Belgium to be fixed by mutual agreement and the wholesale market price in the Netherlands. Moreover it was agreed that the Benelux partners would grant each other a Preference on imports of agriculturaly produce, subject to the minimum prices scheme. On account of this the Netherlands was afforded a privileged position on the Belgium market.

Of the two prices referred to, the Belgian minimum price is intended to guarantee a paying directive price for milk to the Belgian dairy farmers. This price is of a rather stable character. The Dutch market price however, may show short term fluctuations. The levy is consistently adjusted to these conditions, often a few times a week.

The revenue from the levies comes for one half to the benefit of the Netherlands and for the other half of Belgium or Luxemburg. At firs
the Dutch share was paid into the L.E.F. but from November 1, 1951 onward it is paid into the Dairy Fund. In agreeing to this the Netherlands Government met a wish of the trade interests. Through the Offices of the Trade Board these interests argued that the share of the Netherlands in the revenue of the levies should be put at the disposal of the dairy-industry as a whole. If not to the individual exporters, a desire that would be granted in case that share was paid into the Dairy Fund.

5. **Cheese**

The cheese prices were decontrolled in the course of 1949. In order to put a bottom in the cheese market, the Government have opened the opportunity to offer cheese of good quality for sale to the I.V.Z. at pre-fixed prices. Only full cream Gouda-cheese and 40\% Edam cheese (at least 40 per cent. of butterfat in the dry matter of the cheese) can be bought by the I.V.Z. The prices paid vary for both types of cheese according to age. The cheese offered must be at least one fortnight old. During the first year after, the cheese prices were decontrolled (1950) some cheese has in fact been sold to the I.V.Z. Since then the development of the prices have been such that the trade had no interest to take recourse to this opportunity but for the last few months. This opportunity always affords a certain support to the trade in storing cheese to await better prospects of marketing at a later date.

To-day, cheese is the only dairy product of which the price for export is not yet left entirely free. So as to ensure a minimum contribution to our balance of payments-position the Government only allow export at minimum export prices. These vary according to the country of destination.

- **a.** The European countries not including the South European countries and the Balkan countries.
- **b.** All countries (either within or outside Europe) situated in a wide circle drawn round the Mediterranean.
- **c.** The United States and Canada.
- **d.** All other countries.

To-day the purchase prices of the I.V.Z. referred to above and the enforcement of minimum export prices are the only Government control measures affecting the free development of prices on the cheese market.

6. **Processed milk products.**

The formation of prices of processed milk products too is, as above said, not subjected to any restrictions anymore. In the case of condensed milk no facilities are available to sell it to the I.V.Z., but milkpowder can be sold to that agency against a pre-fixed price (bottom in the market). In the general introduction to this section it was stated that the I.V.Z. price for skim milk powder is derived from the prices fixed for cheese and butter. Only during the last few months skim milk powder has been sold to the I.V.Z.

Export of processed milk products is not liable to any control and no minimum export prices are in operation. Until December 22, 1952 a special levy was imposed on exports of sweetened products (e.g. sweetened condensed milk) for reimbursing the subsidy paid on imported sugar.
of chapter I dealing with this subject). By nature this levy showed wide fluctuations. In 1950, however, after, consultation with the Trade Board for Sugar, exporters could fix the levy concerned at a specific amount for a number of months.

The conditions prevailing on the world market for sugar have changed in the meantime. No subsidy is granted any longer on imports of sugar but a levy has been imposed. When sugar-containing commodities are exported, the exporters are granted a drawback. Also this drawback can be fixed for a number of months.

7. Regulations on quality in the West of the country.

In the Western milk consuming region all milk delivered by farmers (either milk for liquid consumption or for processing) will be paid accordingly to quality.

The regulation in question has been issued by the Government and will be financed by a Government agency (the L.E.F.). There are three grades. For first quality the B.Z. pays a premium of 0.50 gld. per 100 kgs. to the milk standardizing dairies and the dairy factories. These in their turn pay same to the farmers, who supplied the milk. Reversely, third quality milk is liable to a discount of 0.50 gld. per 100 kgs. Second quality milk can neither claim a premium nor is it liable to a discount. The control on quality is exercised by the milk control stations. During the season 1951/52 71 percent, of all milk delivered was first quality milk, 19 percent was classed as second quality milk and 10 percent graded third quality.


After consultations between the National Federation of Agriculture and the Ministry of Agriculture etz., the Government incepted a scheme for the eradication of bovine tuberculosis. This scheme provides for the eradication in five years time. One to the fact that the aim to be achieved represents an interest of farmers as well as a public interest, the Government will contribute an amount of 50 million gilders from the local currency account of the Marshall Aid fund. In addition to this the dairy farmers will contribute themselves an equal amount in the course of the same period of years.

The contribution from the farmers is being collected through a general levy of 25 cent per 100 kgs. of milk delivered off the farms to be paid to the dairy factories. (The dairy farmers in Zeeland and on the island of Goeree and Overflakkee, the so-called whole milk consuming regions, have to pay an equivalent amount per head of cattle to the Trade Board for Livestock and Meat). In the case of farm house cheese makers a levy of 2.50 gld. per 100 kgs. of cheese is due.

Apart from this, dairy farmers whose herds are not yet free from tuberculosis have to pay additional levy of 55 cents per 100 kgs. of milk ex farm (farm-house cheese makers paying 5.50 gld. per 100 kgs. of cheese). The levy just mentioned is intended to form a sort of saving account. The levies paid are refunded to the farmer if his herds is free from t.b. within the time fixed for his farm.

The dairy factories pay the general levies they received to the Trade Boards. From there they go through the intermediate of the L.E.F.
into a National Fund for the Eradication of Bovine Tuberculosis, together with the money contributed by the Government. Both the contributions of farmers and of the Government are administered provincially (the contribution of the Government being divided over the provinces according to the number of reacting cattle, recorded by the tests on tuberculosis during the season 1949/50 in the provinces concerned). The funds made available for each individual province are earmarked for the province concerned.

Apart from this, the scheme is implemented as follows. The tests of 1949/50 revealed that approximately 430,000 head of cattle of the total population of over 2½ million cattle were infected. Every individual farmer is now obliged to see to it that his herd is free from tuberculosis within a given number of years. (This number varies according to the rate of infection of each herd as recorded in 1949/50. For determining whether they comply with this regulation, all cattle are tested for tuberculosis once a year by the Provincial Health Service for Livestock concerned. If a farmer sees to it that his herd is free from tuberculosis within the time allowed to him, he will be granted a payment of about 150 gld., for each cow that was slaughtered. (This compensation is the same in all provinces). Above this his savings account will be refunded. Either of these benefits can be cancelled if his herd is not free from tuberculosis within the time fixed in his case.

In this way it is anticipated that the whole national cattle herd in the Netherlands will be free from the disease within 5 years.

Section 3. Eggs.

All egg-prices were freed from price control at the beginning of 1949. The price paid to the poultry farmer for his eggs depends exclusively on the conditions of supply and demand prevailing on the home and foreign markets. Also the prices of table poultry are free market prices. To improve the quality of the poultry stocks, a breeding scheme is still operative, which implies that a commercial producer may only keep chickens, reduced from hatching eggs supplied by accredited producers of hatching eggs. In order to exercise a control on the observance of these provisions, the poultry farmers are handed a delivery certificate then they receive chicks from an accredited hatchery. The Trade Board for Poultry and Eggs is entitled to allow exemptions from this rule, if the chicks are hatched from eggs reduced on the farm itself and these chicks are exclusively reared to be kept at that farm. (Quantitatively this is of very little importance). After the decontrol of the egg-prices in 1949 the rationing of chicks supplied to commercial producers has been continued for a further few years. This course was considered necessary by the Government in connection with the rationing of feeding stuffs. A poultry keeper, however, was free since October 1948 to keep an unlimited number of chickens. The rationing of chicks has now come to an end. The last season it applied was that of 1952. Rationing of feeding stuffs was discontinued since April 28, 1953.
The retail prices of eggs are free but the eggs must be supplied to the consumers through accredited retailers. For the trade the eggs are divided into 8 weight classes and stamped accordingly (0-7).

Provisions applying to exports:
Neither are many regulations in force any longer with regard to the exports of eggs. Exports to Belgium and Luxemburg are liable to the provisions of the Protocol of Luxemburg. This implies that Belgium has enforced a minimum price for eggs. If the Dutch export price is lower than that minimum price, the Netherlands shall impose a levy on exports of eggs equal to the difference between the two prices just referred to. The revenue from these levies is divided between the Netherlands and Belgium (resp. Luxemburg) on a fifty-fifty basis. Since the Protocol of Luxemburg came into force on January 1, 1951, no large quantities of eggs (apart from hatching eggs) have been exported to either Belgium or Luxemburg.

To-day the main outlet for eggs intended for export is Western Germany. This import into Western Germany has been liberalized. Apart from this, eggs are exported to France. At first import into France was liberalized but liberalized again in consequence of the drastic cuts in expenditure introduced by the French Government in February 1952, Italy (also free imports), Switzerland, Spain (limited imports in both countries) and to the American occupation force in Western Europe.

Bearing in mind the extreme importance attached to the maintenance of a useful outlet for eggs abroad, a trade agreement was concluded with the United Kingdom soon after the war, according to which the Netherlands Government regulated the exports of eggs to that country. After 1949 the British Government were not prepared to pay a price for Dutch eggs that could guarantee a reasonable remuneration to Dutch poultry farmers, The Netherlands Government then decided at the request of the trade not to continue this agreement. Since that time no eggs have been exported to the U.K. market.
CHAPTER IV

The Marketing and Price Policy for Fresh Fruit and Vegetables.

Summary.

In comparison with agricultural produce the Government activities with regard to exports of fruit and vegetables are very restricted. Legally the Government have powers to interfere with production, price formation, imports and exports of horticultural produce. The marketing organisation in this branch is better developed than in the case with produce of other branches. In horticulture, characterized by wide fluctuations in demand and supply of produce, depending on the changeable weather conditions within short periods, the impulse to organise has been much stronger. Contrary to the course followed with other products, more attention will be paid to the various market regulation measures imposed by the industry itself.

The policy adopted in the case of fresh fruit and vegetables differs considerably from the one used in other branches of soil utilisation. A substantial influence is exerted on the number of people engaging in commercial market gardening by a system of licences for the production of certain classes of produce and by the implementation of accrediting schemes. If in future outlets for horticultural produce cannot be properly maintained, the organisations in horticulture have to their disposal further means for the interference with the supplies.

As regards formation of prices the compulsory auction system for all produce, implies that a mode of marketing has been established, very closely approaching the ideal of unlimited competition. True, measures have been taken intended to meet the consequences of the inelastic demand for horticultural produce, linked up with a very fluctuating supply, but these measures have been imposed in such a way that the principle of free price formation is being interfered with as little as possible. Apart from this, they do not have the consequence that the policy adopted by the Government to aim at low retail prices is disturbed.

During the first years after the war the position was so that the Government undertook to meet the costs ensuing from the policy to support the market, but since the spring of 1948 a scheme has been enforced implying that the costs have to be met in the first place by those concerned. By the introduction of minimum auction prices, slumps in the markets are avoided. Growers whose products do not fetch the minimum price, are paid an indemnification price. Indemnification prices are fixed according to quality and grade. They are paid from a reserve fund formed per product out of charges on the quantities sold at the auction.

As to exports, legal powers have been conferred as in the case of other soil products to impose levies, but in practice they are not made use of, except in case of exportation of some commodities to Belgium. As a rule exports are made directly by the exporters on their own account and risk.
Section I. Organisations concerned with orderly Marketing.

Of the institutions of prominent importance in connection with marketing and price regulations in horticulture the authoritative corporations should be mentioned first. In their present design these corporations are the Central Trade Board for Horticultural Produce and the subservient Trade Board for Fresh Fruit and Vegetables, the Trade Board for Ornamental Products and the Trade Board for Horticultural Seeds. These Trade Boards took over the market-ordering task of the former Central Crisis Offices. For one purpose the Trade Board for Fruit and Vegetables is of direct importance. A substantial part of the provisions in force are based on the authority delegated to this Trade Board empowering it to issue binding orders.

The growers on the one hand are coming under the authority of this Trade Board, and on the other hand are members of their auction marts which in their turn are affiliated to the Central Bureau of Horticultural Auction Marts in the Netherlands. This Central Bureau too occupies a very prominent place, though in the sphere of civil law.

Section 2. Marketing Organisations.

1. Growers.

Nobody is entitled to take up commercial market gardening without a licence.

In the first place a prospective grower must become an accredited member to the Trade Board. The requirements are that a prospective grower has to pass a test for knowledge and practical experience. Apart from this a far more radical restriction is effectuated by the regulation that every grower must have a growing or producing licence giving the right to grow certain classes of products. This so called horticultural producing licence, exclusively intends to regulate the size of the production by authorising him to grow a fixed area, but not more, of the crops concerned. In this way the area under a number of classes of products is kept within certain limits and consequently also the supply of these products.

It is the general rule that all crops grown on a commercial scale must be sold at auction marts. (Horticultural Marketing Order 1945 and the Horticultural Cropping Order). Apart from this statutory compulsion there is also a civil obligation to sell all produce by auction, ensuing from the membership of an auction mart. Three methods can be applied for the execution of sales by auction in pursuance of the statutory provisions:

a. To take the lots to the auction mart and have them auctioned in the normal way.

b. To take a sample of a lot to the auction mart and to deliver the bulk after sale.

c. To sell a lot by private contract and have the contract registered at the auction mart. This is called the administrative auctioning.
The principal crops exempted from the statutory provisions on auctioning are:
a. onions;
b. swedes, grown outside the typical districts of production in Groningen and Friesland;
c. green peas;
d. carrots delivered between September 1 and March 15.

Though the auction marts were already founded before this century began, they have not been of predominant importance during the first decades. During the first world-war growers were statutorily compelled to sell their produce at auction marts. For many of the auction marts this measure was the impetus to prescribe compulsory auctioning to their members in the rules of incorporation. In consequence of the institution of statutory compulsion of auctioning for growers of vegetables in 1934, the development of the auction system of sale was consolidated. In connection with the support the Government granted to horticulture from that year onward, it was of course of great importance that all produce suitable for the purpose was sold at auction marts. The quantities, including the unsaleable quantities, and the prices fetched by the produce were duly recorded during the sessions and according to these particulars the way the subsidies were going to be distributed over the various crops could be determined. During the second world war compulsory auctioning became an effective expedient in controlling the observance of the rice regularizing provisions. The sale of a few more products were brought under the compulsory auctioning scheme.

As to the justification of the maintenance of the scheme during the post war years the opinions differ. On the one hand it is emphasized that this policy is vital in enforcing the rice controlling measures of to-day linked up with the minimum rice funds. Its continuation is also indispensable to the export policy. On the other hand this stand is contested by pointing to the effective market organisation of vegetables based on civil law, and the ever expanding compulsion of auctioning all fruit according to provisions also based on civil law.

In consequence of the statutorily imposed compulsion of auctioning, every grower is obliged to join an auction mart even if he does not become a member. Furthermore the Trade Board is empowered to allow a grower to change auction mart or to join more than one of such marts.

Apart from its value of being an institution to effect a proper formation of prices the auction system derives its value from:
a. the provisions enforced with regard to the standardisation of quality classes, to grading and packing and to the control on quality. All arrivals of produce are examined, and classified in accordance with the standards laid down in two Orders issued by the Trade Board.

In addition to that the Export Control Bureau exercises a control on the consignments for export. This point will be reverted to in section 4;
b. the facilities it provides for refrigeration, grading and packing of produce. It is also a task of the auction marts to supply empties.

c. the lessening and taking over of del credere risks by entering the names of insolvent merchants on a black list or if necessary by the exclusion of these merchants.

2. The Trade and the Procession Industries.

In the wholesale trade both wholesalers and exporters play a prominent role. The trade margins can be fixed by the Trade Board. Since April 1948 they have been decontrolled and a free formation of prices now applies to the auction marts as well as to the trade. The business of the wholesalers including both wholesalers and exporters cannot be combined with the business of a retailer (art. 4 Regulation on accrediting retailers and art. 4 Regulation of accrediting wholesalers and intermediate dealers).

As regards the requirement of establishment, it can be stated that in establishing oneself as a merchant, the requirements imposed by the regulations on accrediting must be complied with. In establishing a processing industry only a trade licence is required.

The processing industries are entitled to buy their supplies directly at the auction mart or from the trade. The method mentioned first is the rule.

Section 3. Marketing and rice regulations applicable to the home market.

In the spring of 1947 the rationing of fresh fruit and vegetables dating back to the war years, was discontinued by the Government and the rice formation at auction marts was decontrolled by the Trade Board. In practice the Central Bureau of Horticultural Auction Marts makes its task to regulate the prices. The focus of this policy became a different one. So far maximum and fixed prices had been the rule but since 1947 the problem of oversupplies came to the fore and the number of cases in which minimum or indemnification prices had to be fixed was increasing. In this connection attention should be drawn to the establishment of a marketing fund (being a fund to stimulate sales e.g. by advertising schemes and by interference when the market conditions deteriorate temporarily etc. The Central Bureau not being an organisation for doing any business itself, could not cover the expenses entailed on the stimulation of sales from its normal resources. In 1947 the Annual Meeting of this Bureau passed a resolution to establish marketing funds, to be formed by levies from growers equal to 1 per cent. of the throughput of the auction marts. In subsequent years this scheme was maintained but since 1951 the levy amounts to 0.7 per cent. of the throughput.

x) The maximum rice regulations and the rationing of consumers were already revoked in April 1946, but the Government felt obliged to re-introduce them temporarily again for apples, pears, plums and winter vegetables.
Since April 1948 the rice regulations have shown fundamental changes. Up to that time the costs incurred in supporting the market were met from the Agricultural Equalisation Fund, but from now onward they had to be paid in the first instance by the growers themselves. This was done as follows:

An opportunity was opened to establish so-called "products funds.

This is done by the Central Bureau on the advice of a producers' committee, consisting of growers from the production area. Once the fund has been established the committee, is maintained to consider the sales problems arising from time to time. The aim of a product fund is to prevent deterioration of the market in times of gluts. The aim will be achieved by:

1. The institution of minimum auction prices for the products sold at the auction marts. Products unsalable at that price are withdrawn from the market.

2. The payment to the growers for these products of indemnification prices which are lower than the minimum price.

The funds needed to pay these indemnification prices are formed by imposing a levy of so many per kg. of product or per piece sold at the auction mart of the product concerned during a season. If, in the period of gluts, there is a deficit, a loan can be granted out of the Marketing Fund for Vegetables.

Up to now minimum prices funds have been established for the following products: in 1940 for endive, spinach, lettuce, cucumbers, tomatoes, cauliflowers, radish, savoy cabbage and brussels sprouts, beetroots, carrots, radishes, several kinds of beans and early potatoes.

In 1949 to this list were added leeks, asparagus, gherkins and "pointed" cabbage, apples and pears. In 1950 funds were established for broad beans, strawberries, raspberries, black currants, red currants and grapes. The funds for vegetables and soft fruits have all been maintained, with the exception of the fund for winter carrots. The activities of the funds for hard fruit (apples and pears) and winter carrots were discontinued in 1949.

It has well been realized, right from the beginning, that there is no relation whatsoever between the formation of prices of different lots of the same commodity, if the periods during which supplies arrive at the auction marts are different. For that reason for some products, viz. for endive, lettuce, spinach, radishes, cauliflowers, white and savoy cabbage, two funds have been established (in the case of endive even three) The periods are demarcated by defining a date, before or after which the product must have arrived at the auction mart. In the case of cauliflower that date is August 1, and with other brassicas December 1. As to endive there is a fund for endive grown under glass available until June 1, a fund for summer endive grown outdoors available from June 1 to September 1, and a fund for autumn endive grown outdoors available after September 1.

1) The production of each product is mostly confined to certain specific districts.

X) See page 44
As stated each product for which a product fund has been established provides the funds needed to pay the indemnification price to growers by imposing levies on the returns at the auction during a certain period of the year, usually a whole season sometime a part of a season. If it so happens that at the end of a season a balance is still available, this balance is paid in to the fund that will be formed for the next season. Nothing has been decided as to the destination of the balance if no fund is being formed in the next year. The indemnification price amounts to 60 to 80 percent of the minimum auction price, according to the quality of the product. Therefore there is only one minimum price and there are more than one indemnification prices.

In determining the minimum auction prices and the indemnification prices, several aspects are taken into account:

1. It is desirable that the minimum price is less than the cost of production. This is essential for not checking a favourable trend in the spreading of the supply. The arrivals of almost all kinds of vegetables show a similar course: a short period of very big supplies preceded and followed by a period of much smaller supplies. Gluts hang therefore over the market usually during or shortly after the peak of production has been reached and are accompanied by deep slumps in prices. This is due to the fact that most growers plan their production according to the same cropping scheme and that the peak period of many vegetables closely follow each other. Experience has taught that some sort of natural easter occurs in the sense that by modifications in the cropping schemes (introduction of new crops) endeavours are made to achieve that the supplies are more widely spread over the season both per crop and per cropping scheme. If a bottom in the market were put by, fixing the minimum auction price at a level higher than the costs of production, this economically favourably working stimulant towards spreading of the supplies would be eliminated to a considerable extent.

2. In close association with this it is of importance that the minimum price scheme will help to effect not only the spread of the supplies, but also a more effective size of the latter by eliminating that part of the production capacity that is least suitable to be utilized for a given purpose. This aim is most effectively attained by fixing

 Apart from this the product funds may receive some income from the sale of "unsalable products". If this income is insignificant the auction mart may use it to its best judgement. If the product was sold for stock-feed the returns may be equally divided between the fund and the auction mart. If the returns are really amounting to something worth while the products are sold centrally by the Central Board. In that case the net-returns will be paid in full into the fund.
a minimum auction price independent of differences in quality and lower than the costs of production. The results of this would be that the fixed minimum auction price will put up a partition in the market between the better qualities which will be sold at the fixed price limit, and the inferior qualities not able to reach this limit, which will be withdrawn from the market. The growers of the qualities taken out of the market will be paid an indemnification not covering the costs of production. As it can be assumed that in the long run a certain connection will be established between the quality of the product on the one hand and the district of production, respectively the grower, on the other hand it can be anticipated that this scheme will have a favourable effect on the adoption of supplies to demand. The fact that the indemnification prices now vary according to quality does obviously not have any effect on the "partition" brought about by the minimum auction price. Yet, it will have the effect of making the production of a certain crop in a certain district where growing conditions are not favourable less attractive.

3. In accordance with what has been stated sub 1 and 2 it has been provided for that, if in the opinion of the growers' committee the prospects of marketing in the future in general or in a particular period will be going to show unfavourable trends, the minimum auction price will be fixed at a lower level than in the reversed case.

4. The minimum auction prices for products suitable for processing is usually fixed at a higher level than those for produce lacking such prospects. If an alternative mode of utilisation is available, the market position of a commodity is stronger. Moreover a product suitable for processing is usually committed to this destination. Lastly, the cost of the raw material to be processed represents only a small percentage of the total costs of the finished product and therefore as a rule the processors are able to pay a reasonable price, provided they are sure that their competitors will not be able to obtain the same product at a more advantageous price. The sales will, therefore, virtually not be affected by the level of the minimum auction price. On the contrary particularly not before market prices show a declining trend, a processor will venture to start running his factory at its full capacity and he will start to purchase supplies when the minimum auction price is practically operative.

Before answering the question whether it can be anticipated that the scheme as explained above will produce improved market conditions, it seems useful to point out that the present pattern of the scheme as implemented in April 1948 has not been fundamentally altered. The conceptions "minimum auction price" and "indemnification price" are no longer new and had been accepted by growers since the spring of 1948. Also the aim pursued to avert deterioration of the market in times of gluts is not at all new. It was already pursued eagerly in the times of regularized prices, previous to the fatal date of 1948. It is still upon me to say something about the costs incurred by rendering support to the market, costs which have to be met by the growers concerned since the new scheme came into effect. Considering the uncertain prospects of exports the aim was to prevent that a call for support on the Government would have eventually to be made at a later date.
As regards proper market organisation, it should be noted that direct restrictions on the supplies would be one of the means to solve difficulties arising from a disproportion between production and marketing possibilities. The method is already applied to some extent (crop licences). The course being followed so far has been another one, however. It is a fact that in the first place attempts are made to raise the returns by splitting up the market. An indirect influence is exerted, as stated, on production by fixing the minimum auction prices and the indemnification prices at a level below the costs of production, linked up with the imposition of requirements with regards to prospective growers who want to start a business of their own. Not before these attempts have proved to render inadequate results, a direct restriction of supplies would be the only way still left open. The method of the formation of funds should therefore be considered as means of limited possibility to create a healthy market. This should be considered as a corrective to temporary oversupplies on the market, as occur frequently in horticulture in consequence of:

a. the concentration of supplies within a short period of time due to sudden spells of favourable weather, and

b. disturbances in marketing.

It is not meant to be a means averting the consequences of an absolute oversupply of one or more products and would in such a case not show a way out of the difficulties for technical reasons, as after all that case the payments of indemnification prices could not be covered from adequate levies.

Section 4. Export regulations.

Apart from exerting an effect on production and price formation by means of crop licences and minimum prices, it is possible to manipulate levies on imports and exports in such a way as to keep the prices at the home market within the limits of the price policy pursued by the Government. In a few cases such a scheme has been applied after the war, more particularly in the case of imports from and exports to Belgium.

In normal circumstances the control on quality and grading of produce intended for export is carried out either at the frontier or at the port of embarkation. In some cases the consignments are examined in the sheds of the exporters, a fore-control being usually carried out at the auction marts. This control is exercised by the Export Control Office acting in this case as the authority delegated with the task of enforcing that part of the Agricultural Exports Act 1938.

The export trade is in private hands in order to get a proper understanding of the provisions in force in this sphere, it seems opportune to make a difference between the export trade to Belgium/Luxemburg, the export trade to Western Germany and the export trade to the other countries.

Exports of a number of fresh fruits and vegetables to Belgium and Luxemburg are subject to the provisions contained in the Protocol of Luxemburg, already referred to, when dairy produce and eggs were discussed. Horticultural exports concern tomatoes, onions, early potatoes, cauliflowers, red and white cabbage, carrots, lettuce,
chicory (salade), fresh beans and green peas, grapes, apples, pears, cherries, plums, greengages and damsons, and strawberries. The Belgian, respectively Luxemburg, authorities have imposed minimum prices for these articles in order to protect the interests of the home growers. If the weighted average price at a number of auction marts in the Netherlands, especially selected for the purpose, is below the Belgian, respectively Luxemburg minimum price, the Netherlands has to impose a levy on the exports, equal to the difference. The revenues from that levy are divided on a fifty-fifty basis between the Netherlands and Belgium/Luxemburg. Formerly the share of the Netherlands was paid into the Agricultural Equalisation Fund, but today it is put to the disposal of the Trade Board for fresh fruit and vegetables, to afford a guarantee that it will only be spent to the benefit of the interests represented on that Board.

If necessary the provisions of the protocol can also afford protection to Dutch growers. If for instance the prices of some Belgian or Luxemburg horticultural products are too low in comparison with those ruling in the Netherlands, a levy can be imposed on imports to the Netherlands. In practice such a levy is restricted to cherries, chicory (salade) and cauliflowers from Belgium. Also these revenues are equally divided between the two countries concerned, the Dutch share being put to the disposal of the Trade Board for fresh fruit and vegetables. The exports of fruit and vegetables to Western Germany are also subjected to minimum export prices for the protection of the growers as Western Germany. In this case the machinery is of a somewhat different nature. A committee has been nominated consisting of an equal number of Dutch and German members representing growers, merchants and the two Governments. This committee has to fix the minimum prices. In order to ascertain that no fresh fruit is being exported at less than the fixed minimum price, the auction marts have made arrangements that certain varieties and qualities are pooled. An exporter is only given an export licence if he buys his fruit at the fixed minimum price from the pool. The growers who have pooled their lots are paid the average pool price in accordance with their share in the supply.

Only the exports to Belgium and Germany are subjected to minimum price schemes. Exports to other countries, among which the United Kingdom and Sweden are the principal customers, are not subject to any price control.

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