Agricultural production in Western Europe this year is likely to approximate the 1968 record. As of early July, crop production is expected to be somewhat lower than last year's level but livestock and poultry output will probably increase slightly.

Weather conditions during the 1969 crop season so far have not been as good as those that favored the bumper crops of 1968. Grain output probably will not equal the 1968 crop; the outlook is that small declines for wheat, rye, barley, and oats should more than offset the sizable increase in the corn harvest. Despite a smaller wheat crop, the surplus problem will remain acute, particularly in the European Community (EC). Another large sugar beet crop is in prospect, while some further decline in potato production seems likely.

The livestock situation in Western Europe indicates restrained growth in U.S. exports of feedstuffs. West European beef production is apparently entering a cyclical downturn, and pork output probably will be below the 1968 level. Reduced foreign markets and growing self-sufficiency in many countries have resulted in slower growth in output of poultry meat and eggs. Dairy output is likely to gain moderately because of increasing productivity per cow, and dairy surpluses will become more troublesome.

Crops: Total grain production in Western Europe in 1969 is expected to fall somewhat short of last year's record 120 million tons. The EC will contribute to this decline. However, the most marked changes between the 1968 and 1969 grain harvests are in prospect in some of the smaller producing countries. The Scandinavian countries and Portugal are not expected to equal their

1/ Metric tons are used throughout this report.
excellent harvests of 1968 while Greece should have a much larger grain crop than the small harvest last year.

Weather caused some shifts in area among the grains. Wet weather delayed fall seeding in some countries, particularly the United Kingdom and France, and the spring of 1969 was cool and rainy throughout most of Western Europe. As a result, the area sown to wheat was reduced and the area planted to barley and corn expanded.

A somewhat smaller wheat crop would be of some help in alleviating the wheat surplus problem. The expected decrease in production of wheat in 1969 is due not only to a somewhat smaller area and less favorable weather but also to price policies designed to make feed grain production more profitable relative to wheat and thus prevent stocks (mainly wheat) from accumulating further, particularly in the EC and Spain. Nevertheless, the 1969 wheat crop will be well above the level necessary to solve the surplus and storage problems. Record grain crops were harvested in 1967 and 1968 and wheat stocks in some West European countries are excessive. The European Commission estimates that carryover stocks of wheat on August 1, 1969, totaled 5.3 million tons, or 3 million more than in a normal year. In France, the main surplus producer in the EC, the wheat area in 1969—primarily soft wheat—is down by only 3 percent and another relatively large harvest is in prospect.

France has attempted to relieve its surplus wheat situation through various commercial and food-aid export arrangements. By mid-1969, major grain sales to non-EC countries had been made to Mainland China (about 300,000 tons), the United Arab Republic (around 400,000 tons), Tunisia, and the Republic of China.

Also, weakness of the French franc resulted in large sales of French grain (mainly wheat) to West Germany and other EC members. West German millers were able to purchase French grain at low prices and offer domestic grain for sale to the Bonn Government at the higher intervention price; these imports aggravated a grain storage problem that was already acute in West Germany.

Excess supplies of French soft wheat contributed to the decision of the EC ministers to raise corn and barley prices relative to wheat in recent years as well as for the 1969/70 crop. This should encourage continuation of the shift in area from wheat to nonsurplus crops.

Wheat production is also forecast to decline in two other major producing countries and gain in at least one. Spain should have a smaller harvest than the good 1968 crop because of a reduction in area. The U.K.'s reduced crop is largely the result of a decrease in area caused by unfavorable weather at seeding time. In Italy, the wheat crop probably will be somewhat larger than the 1968 harvest and the proportion of durum in total output should increase sharply.

Current conditions indicate that barley output probably will not equal the 38 million tons produced in 1968 although the barley area is slightly larger. Barley crops in France and West Germany were expected to be roughly the same as in 1968 but a storm in early July reportedly caused considerable damage to the French crop. Some increases in output over last year's relatively poor barley crops are expected in the United Kingdom and Greece, while in the Scandinavian countries the crop is not expected to be as large as in 1968.
Production of rye and oats in Western Europe probably will decline some­what in 1969, continuing a downward trend. The area seeded to these grains was down slightly this year.

A sharp increase in total corn production is very likely due largely to area expansion in the most important countries, France and Italy. Production in France could somewhat exceed last year's record of 5.2 million tons; Italy's outturn is forecast to increase sharply to an estimated 4.5 million tons.

Area and production of potatoes in Western Europe are expected to decline further in 1969; production may be 2-3 million tons less than the 63-million­ton outturn last year. Potatoes were planted unusually late in the United Kingdom in 1969; this probably will reduce yields. Also, a rather sharp decline in potatoes is forecast for France in 1969. And production in Austria may be much smaller than the good 1968 crop.

Total area planted to sugarbeets is estimated to be about the same as in 1968, almost 1.8 million hectares. Prospects for sugarbeets appear generally favorable despite a cold spring. The area planted declined in the United Kingdom, France, and Italy but increased in West Germany, Spain, and several of the smaller producing countries.

Olive oil production should approximate the 1967 record level of over 1 million tons. A decrease in olive oil output one year is generally followed by an increase the following year. Since olive oil production in Italy, Greece, and Portugal in 1968 was less than in 1967, increased output is expected this year in these countries. Spain was the only major producing country in Western Europe to experience an increase in olive oil output last year.

Total rapeseed production in Western Europe is expected to exceed the 1968 level, due mainly to larger production in France. A good quality 1969 crop is forecast for France and total production could reach 550,000 tons, surpassing last year's record. In West Germany, an increase in area and improved weather following the late spring should result in an output at least equal to 1968. In Scandinavia, Sweden's production should be about the same as in 1968, while output in Denmark, a less important grower, should decline sharply.

Livestock: The cattle cycle in Western Europe has apparently reached a peak and is entering a downturn. The hog cycle is in a declining phase in most countries, but pork output will probably stabilize or increase slightly by late 1969. Poultry production--meat and eggs--in most countries remains less expansionary than in the mid-1960's. Growth in broiler output will approximate the expected gain in domestic consumption in most countries as self-sufficiency has been increasing in their former export markets in Western Europe. Dairy output in 1969 is expected to exceed the 1968 level in the region. Although beginning-year dairy cow numbers were about the same as in 1968, further increases in output per cow are expected to add to Western Europe's problems of excess dairy production. The livestock situation suggests slightly better U.S. export prospects for some livestock products than in 1968, but limited prospects for the much more important trade in feedstuffs.

West European cattle numbers--almost entirely dairy or dual-purpose breeds— at the start of 1969 were less than 1 percent above 1968. Most of this gain was
in the European Community, particularly in France. The United Kingdom, Spain, and Ireland also registered small gains. Because of export difficulties, Denmark, like most Scandinavian countries, continues to reduce cattle numbers. Continued improvement in milk production per cow should result in moderate expansion in milk output, especially in France and other EC countries. This prospect threatens further buildup of the troublesome dairy surplus. Surplus EC and U.K. butter stocks will continue to accumulate. Surpluses of nonfat dry milk and cheese in Western Europe are also expected to grow further in 1969. The age and sex distribution of cattle at the beginning of 1969 indicated little prospect for growth in beef and veal output for the region. In fact, a small decline may be recorded for 1969. Calf slaughterings were down in early 1969; because of favorable prices, farmers decided to feed calves to heavier weights.

Hog numbers at the beginning of 1969 were 76 million—about the same as a year earlier. Small increases were registered in the United Kingdom, the Netherlands, and Austria. Declines were noted in West Germany, Denmark, and Spain.

Pork production for the region is expected to remain below year-earlier levels throughout most of 1969. However, output in Benelux and the United Kingdom is expected to increase 3 to 6 percent. Prices are generally above last year's, reflecting short supplies. Favorable price prospects could lead toward some recovery in production near the end of 1969. Prospects for recovery appear good in France and Denmark.

The rapid growth in poultry output and self-sufficiency—especially in broilers—in most West European countries and a slowdown in the formerly rapid growth in consumption have led to a less buoyant market for both meat and eggs. Lower domestic prices and reduced prospects in West European export markets have depressed output growth in recent years. Poultry production gains in 1969 will probably remain close to consumption increases in the region, allowing little prospect for a step up in imports. EC production is expected to increase by 5 to 6 percent.