

Brussels, February 1965
P 10/65INFORMATION MEMOMILK AND BEEF PRICES FOR 1965/1966

The Commission has submitted to the Council two draft regulations on provisions affecting prices in the milk and beef sectors respectively for the 1965/1966 marketing year. In the case of beef, the new provisions concern the upper and lower limits of the guide price bracket. The milk year and the beef year both begin on April 1.

Milk products

The Commission proposes to proceed by increasing the lowest milk prices and reducing the highest, the bracket for national target prices being narrowed from DM 31.80 - 42.00/100 kg for 1964/1965 to DM 34.00 - 40.00/100 kg for 1965/1966. These price limits are for 1 kg of milk with a fat content of 3.7%. Expressed in national currency they are:

	<u>DM</u>	<u>FF</u>	<u>Lit.</u>	<u>Bfrs/Lfrs</u>	<u>Fl.</u>
Upper limit	0.4000	0.4937	62.50	5.000	0.3620
Lower limit	0.3400	0.4197	53.13	4.250	0.3077

The Commission's proposal thus differs from the milk Regulation (No. 13/64/CEE) under which, from this year, national target prices were to be brought closer to a common target price. The Commission explained the alteration by saying that it will soon be submitting proposals to the Council with a view to fixing a common price for milk to take effect from the 1967/1968 milk year; also it did not wish to delay the standardization of prices.

It is proposed that Member States whose target prices already fall within this bracket should maintain those prices unchanged. France and Italy are expected to fix their prices at the lower and upper limit respectively.

Under the milk regulation national aids that enable the market prices of the products concerned to be kept below the lower limit fixed for the 1964/1965 milk year shall be reduced annually. The Commission proposes in addition that Belgium should reduce by Bfrs. 356/100 kg the aids granted to cheeses of group 11 (Camembert etc.), and that Federal Germany should discontinue the specific aids granted for cheeses of groups 6 (blue-veined) and 11. The aim here is to unify the threshold prices of these two groups.

Aids will therefore be reduced as follows (in national currency per 100 kg):

GROUP	<u>Belgium</u>	<u>Germany (FR)</u>	<u>Luxembourg</u>	<u>Netherlands</u>
	Bfrs.	DM	Lfrs.	Fl.
2. Whole milk powder	197	-	-	5
3. Skimmed milk powder	9	-	-	3
4. Condensed milk, unsweetened	-	-	-	1
5. Condensed milk, sweetened	80	-	-	1
6. Blue-veined cheese	-	25	-	6
7. Parmigiano Reggiano (Parmesan etc.)	234	-	-	-
8. Emmental	280	6	-	8
9. Gouda etc.	159	4	-	6
10. St. Paulin etc.	28	4	-	6
11. Camembert etc.	522	22	-	6
12. Fresh cheese etc.	-	-	-	5
Butter	-	-	300	11
Cheddar cheese	253	4	-	8
Tilsit	159	4	-	6

This reduction in aids will be offset by a corresponding increase in threshold prices. When the threshold prices are fixed, alterations in the national target prices must also be taken into account; this means that the French threshold price will have to be raised and the Italian reduced.

Care must, however, be taken to see that these modifications do not increase the present difference between the prices of milk products. The Commission proposes that there should be a single threshold price for three groups of cheese for which this difference is either very small or non-existent, that is, for blue-veined cheese, parmesan and Camembert; also, the intra-Community levies and refunds for these groups should be abolished. To simplify matters, the Commission proposes that group 12 (fresh cheese etc.) should no longer be treated as a separate group, and that these cheeses should be included in the same group as Camembert (group 11).

Proposed changes in threshold prices compared with 1964-65
(in national currency per 100 kg)

GROUP	Belgium	Germany (FR)	France	Italy	Luxembourg	Netherlands
	Bfrs.	DM	FF	Lit.	Lfrs.	Fl.
1. Lactoserum powder	+1.0	-	-	-944	+1.0	+5.54
2. Whole milk powder	+197.0	-	+20.73	-1 969	+197.0	+5.00
3. Skimmed milk powder	+9.0	-	-	-719	+9.0	+3.00
4. Condensed milk, unsweetened	-	+11.00	-	-6 937	-	+1.00
5. Condensed milk, sweetened	-200.0	-13.00	-	-9 475	-200.0	+1.00
6. Blue-veined cheese	+609.0	+49.74	+0.85	-2 328	+609.0	-8.51
7. Parmigiano Reggiano (Parmesan etc.)	-181.0	-14.66	-18.03	-2 266	-181.0	-13.55
8. Emmental	-	+9.00	-	-	-	+10.15
9. Gouda etc.	+159.0	+4.00	-	-2 204	+159.0	+6.00
10. St.Paulin etc.	+28.0	+4.00	-	-1 969	+28.0	+6.00
11. Camembert etc.	+522.0	+32.23	-	+179	+522.0	+2.74
12. Fresh cheese etc.
13. Lactose	+32.5	-	-	-1 693	+32.5	+5.17
Butter	-	-	-	-	+300.0	+11.00
Cheddar cheese	-	-	-	-	-	-
Tilsit	+159.0	+4.00	-	-2 234	+159.0	+6.00

Threshold prices (in national currency per 100 kg) :

GROUP	Belgium	Germany (FR)	France	Italy	Luxembourg	Nether- lands
	B.frs.	DM	FF	Lit.	Lfrs.	Fl.
1 Lactoserum powder	887,5	71	106,70	15.625	887,5	64,26
2 Whole milk powder	3.594,-	308	451,60	61,081	3.594,-	226,24
3 Skimmed milk powder	1.830,5	123	211,17	33.462	1.830,5	122,53
4 Condensed milk, unsweetened	2.316	160	263,41	39.000	2.064	162,43
5 Condensed milk, sweetened	3.750	300	343,87	46,875	3.750	194,24
6 Blue-veined cheese	5.947	475,74	587,19	74,334	5.947	430,54
7 Parmesan	7.192	575,34	710,19	89,897	7.192	520,50
8 Emmental	5.500	440	543,08	68,750	5.500	398,20
9 Gouda	5.015	323	530,34	71.459	5.015	279,05
10 St. Paulin	5.204	364	535,34	70,094	5.204	333,05
11 Camembert	5.715	457,23	564,34	71,442	5.715	413,79
12 Fresh cheese	-	-	-	-	-	-
13 Lactose	1.750	146	221,17	29.688	1.750	126,70
Butter	10.392	723	901,-	1.01.225	8.976	485,20
Cheddar cheese	3.813	305	376,50	47.663	3.813	276,00
Tilsit	4.912	333	530,34	71.429	4.912	279,05

Beef and veal

Proposed guide price brackets (in national currency per 100 kg live weight):

For 1965/1966		DM	FF	Lit.	Bfrs/Lfrs	Fl.	For 1964/1965 DM
Cattle:	Lower limit	235	290.05	36 719	937.5	212.68	205
	Upper limit	255	314.74	39 844	3 187.5	230.78	235
Calves	Lower limit	312	385.09	48 750	3 900.0	282.36	305
	Upper limit	340	419.65	53 125	4 250.0	307.70	345

In accordance with Regulation No. 14/64/CEE (beef and veal), when fixing the price brackets for this sector the Council, acting on a proposal of the Commission, shall

reduce the difference between the upper and lower limits as compared with those of the previous year, bearing in mind the experience gained and taking into account the prospects for developing production and consumption of beef and veal, and the situation in the milk and milk-products market.

In its explanatory memorandum, the Commission studied these points in detail and arrived at the following conclusion:

All the indications are that the shortage of beef within the Community will be as great in 1965 as in 1964. This will coincide with a world shortage. If the replenishment of cattle stocks continues at the present rate, it is likely that beef production within the Community will increase less than potential demand. Guide prices must therefore be fixed at a level that will encourage beef production, due account being taken of the beef/milk price ratio.

For milk, the average minimum price paid to farmers in the Community in 1964/1965 is not less than DM 0.34 kg. If the slight tendency towards an increase in cattle stocks within the Community is to continue, the 1964/1965 beef/milk price ratio of 7 must be maintained. The lower limit of the guide price for prime beef cattle should therefore be $34 \times 7 = \text{DM } 238/100 \text{ kg}$ live weight, which would roughly correspond to a price of DM 235 for all categories.

The difference between the upper and lower limit of the guide prices for cattle for the marketing year beginning on April 1, 1964, was DM 30 per 100 kg live weight. It does not seem desirable for the price bracket to be too wide.

Moreover, if it is true that an increase in beef production presupposes an increase in cattle-raising, it is also true that these animals must not be slaughtered before they reach maturity. A policy of high prices for calves would run counter to the long-term objective adopted for the whole

of the beef sector, because farmers would be encouraged to make larger supplies available in order to take advantage of the favourable prices. For these reasons the Commission proposes that the upper and lower limits should be those of the guide prices fixed by the Member States themselves for the last marketing year, viz.:

Calves: lower limit: DM 312/100 kg live weight,
upper limit: DM 340/100 kg live weight.