

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 5 October 1977.

Amendment of the common organization
of the market in beef and veal

(Communication from the Commission to the Council)

Summary

At its 386th meeting on 2 to 6 March 1976 the Council took note of the Commission's intention to submit to it a report on the respective merits of the intervention system and the system of slaughter premiums and on the implementation of calving premiums, together with any proposals. At its 451st meeting on 25 and 26 April 1977 the Council decided that the proposals for amendments to the system of intervention prices or premiums, following the examination of the Commission's report, would be applicable with effect from the beginning of the 1978/79 marketing year.

The Commission examined the development of the market in beef and veal and the functioning of the common organization of the market since the establishment of a single market in this sector on 29 July 1968.

The period of relative stability from 1968 to 1971 was followed by a period of scarcity (1972-1973) and then by a period of surplus which led the Community to diversify the instruments used under the common organization of the market (permanent intervention; orderly marketing premium; premium for the slaughter of clean cattle; premium for the retention of cows and calving premium).

The experience gained in recent marketing years now shows more clearly the respective merits of these different instruments, having in mind the foreseeable trend of the market in beef and veal over the next few years. The Commission is consequently proposing to the Council, for the reasons set out in this Communication, that it amend the common organization of the market in beef and veal. The Commission also recalls the longer-term policies which it proposed for beef and veal in its "Stocktaking of the Common Agricultural Policy" of 27 February 1975.

Formal proposals will be transmitted to the Council and the European Parliament in time for them to enter into force at the beginning of the 1978/79 marketing year.

I. THE SITUATION ON THE MARKET IN BEEF AND VEAL

1. The beef and veal sector represents about 16% of final agricultural production and involves nearly two-thirds of farms in the Community. Beef and veal production is closely linked with milk production, since 80% of the meat comes from dairy cows and dual-purpose cows. The Community is the second largest world producer of beef and veal (15.6%) after the United States (25%).

The quantity of beef and veal produced comes from the slaughter of cows (29%), beef cattle (61%) and calves (10%). The percentage of calves is steadily declining. The headage of beef breeds remains limited because of farm structures, and industrial fattening is little developed except in Northern Italy. Beef and veal production is thus mainly concentrated in the same places as dairy production¹.

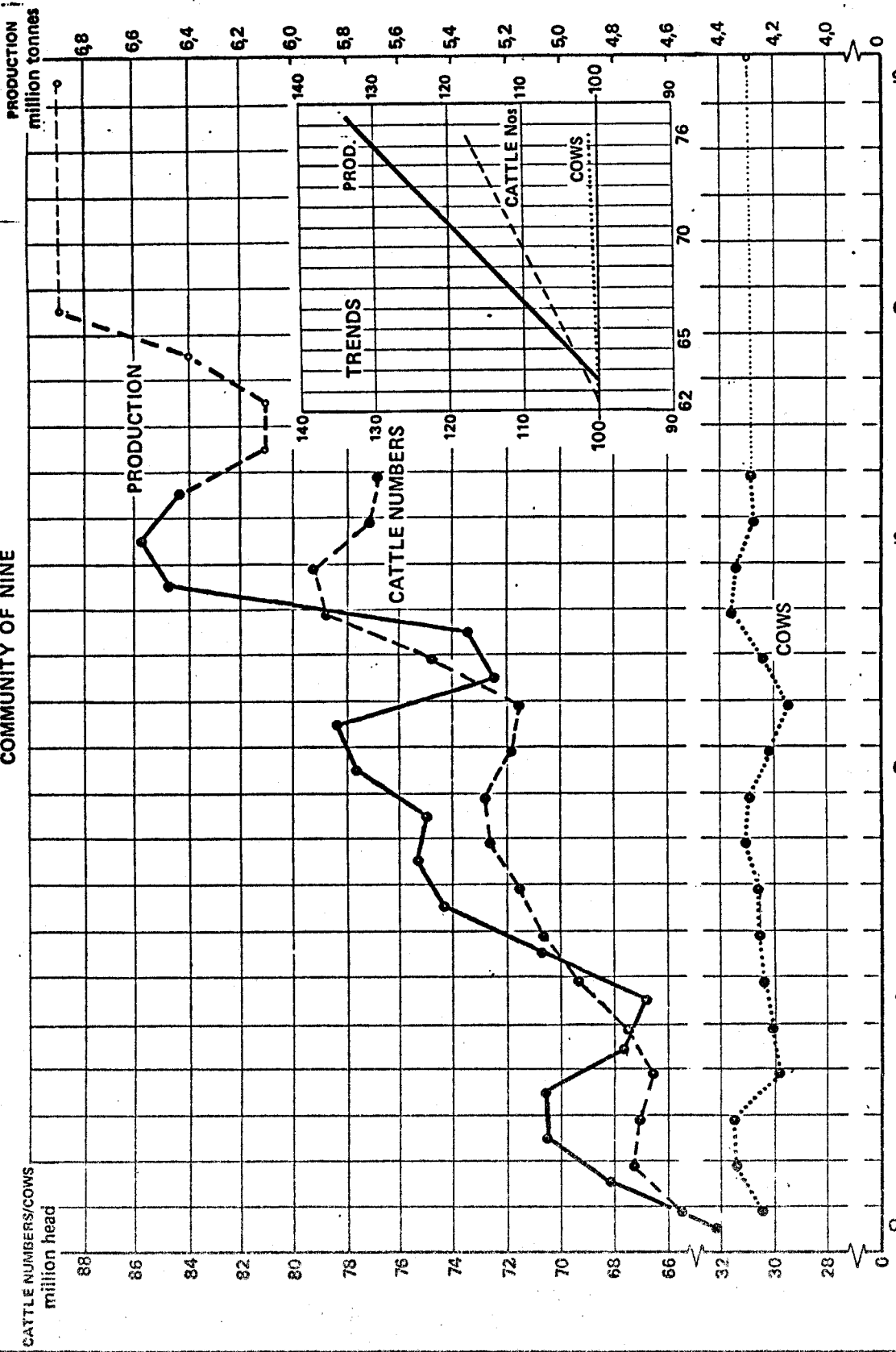
Beef and veal consumption represents about 3% of final household consumption in the Community; it is in direct competition with other meat (in particular pigmeat and poultrymeat).

2. Beef and veal producers have a lower level of guarantee and less regular receipts than milk producers. Their production is seasonal and it also follows a cyclical pattern over several years. It is influenced not only by pricing and market policy (combined effect of the prices of milk and beef/veal, external protection, the various premiums) but also by the trend of costs, technical progress and changes in marketing and processing structures.

As regards demand, several factors come into play independently of the trend of prices and the price relationships between the different types of meat: in particular, general economic developments and changes in consumer attitudes.

¹ See the graph on page 8 of Supplement 10/76 to the Bulletin of the European Communities: "Restoring balance on the milk market; Action Programme 1977-80".

PRODUCTION POTENTIAL AND ACTUAL PRODUCTION OF BEEF AND VEAL IN THE COMMUNITY OF NINE



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Graph 1

Production

3. In the long term, Community beef and veal production is increasing by about 2.7% a year (1963-76). This is the result of the rise in cattle numbers and the increase in average slaughter weight (see Graph 1).

4. Beef and veal production follows a cyclical pattern; in the Community the cycles in each Member State, originally differing, are tending to become synchronized. The cyclical movement has thus deepened, and at the same time its duration is diminishing (four to six years). Since 1960 three cycles can be distinguished (see Graph 2). Moreover, there seems to be some interaction between the cattle cycle and the shorter pig cycle.

5. Several factors determine the cycle: the production period - the market prices of beef and veal - the price of milk - the price relationship between feed (maize) and beef/veal. Exceptional factors may accentuate or moderate the cycle: slaughter premiums, drought.

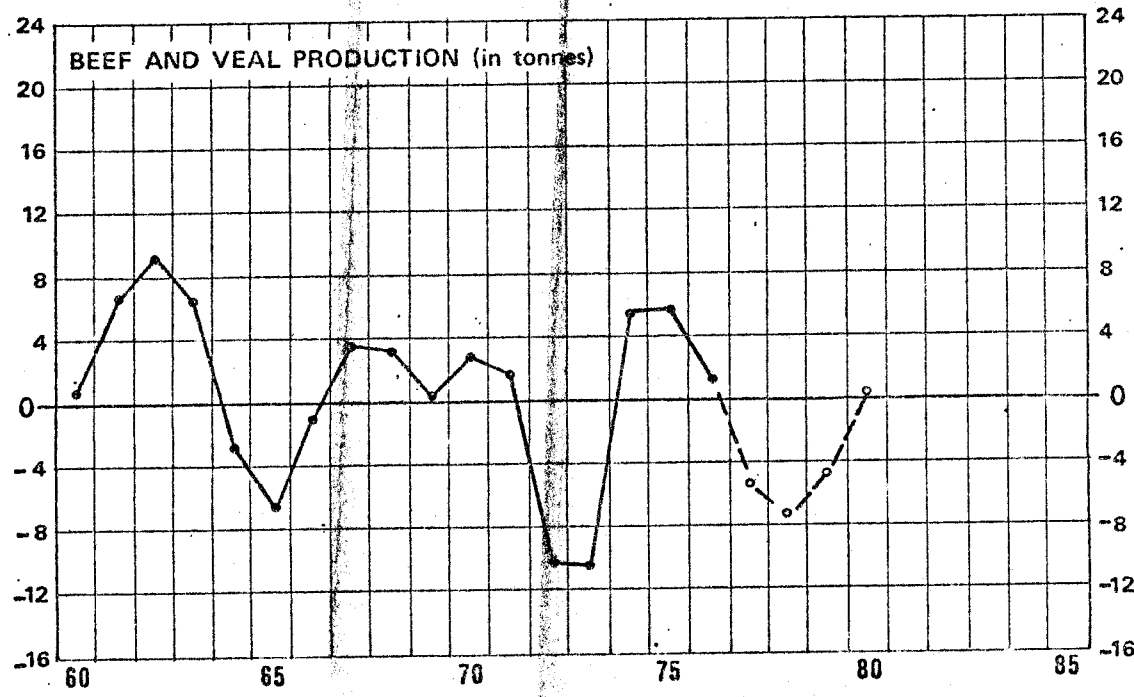
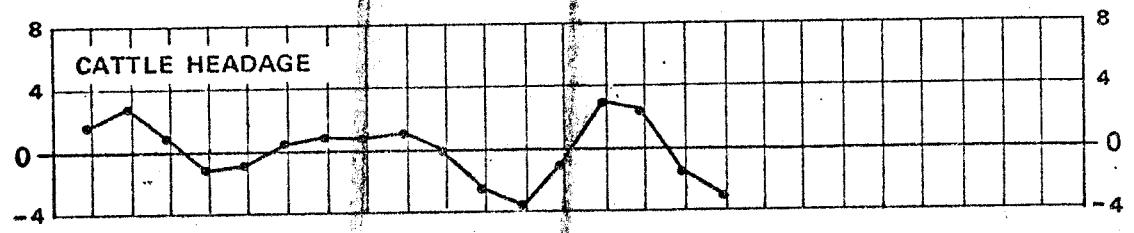
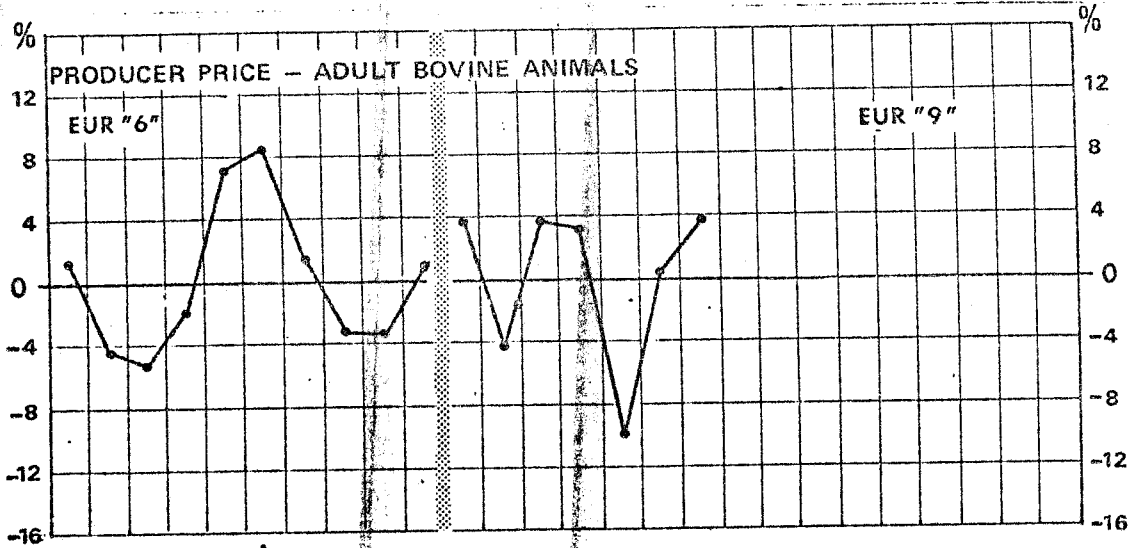
Cyclical movements in market prices lead to corresponding cyclical movements in the production of beef and veal two or three years later (see Graph 2). On the other hand, the effect of price fluctuations is instantaneous, giving rise either to the retention of cattle (rise in prices) or to slaughterings (fall in prices).

6. Meat marketing structures are undergoing far-reaching changes. The modernization of slaughterhouses - between 1964 and 1975 the Guidance Section of the EAGGF financed 553 projects representing a total investment of about 600 M u.a. - goes hand-in-hand with an increased tendency for slaughterhouses to move out into the production areas. The creation of producer groups, especially in France and Germany, the extension of slaughtering and storage capacities and the spread of technical progress in slaughtering and transport are helping to improve meat marketing and processing structures. During the recent crisis storage, and in particular freezing, capacity could not meet the needs of the common organization of the market.

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ANNUAL VARIATIONS IN PRICE, CATTLE NUMBERS AND BEEF AND VEAL PRODUCTION

(% deviation from the trend)



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Graph 2



7. The enlargement of the Community and a greater increase in production than in consumption raised the rate of self-supply from 85% (1968-1973) to almost 100% 1974-1976.

Average annual imports into the Community which were about 600 000 t. (1968-1972) changed between 1973 and 1976 to about 400 000 t.

8. The income of four-fifths of cattle producers depends on the combined result of ^{the} two specializations (milk-beef (milk, slaughter of cows, sale or fattening of calves). Their income is said to amount to only two-thirds of the income of large-scale arable farms; regional disparities and disparities between large and small farms remain great.

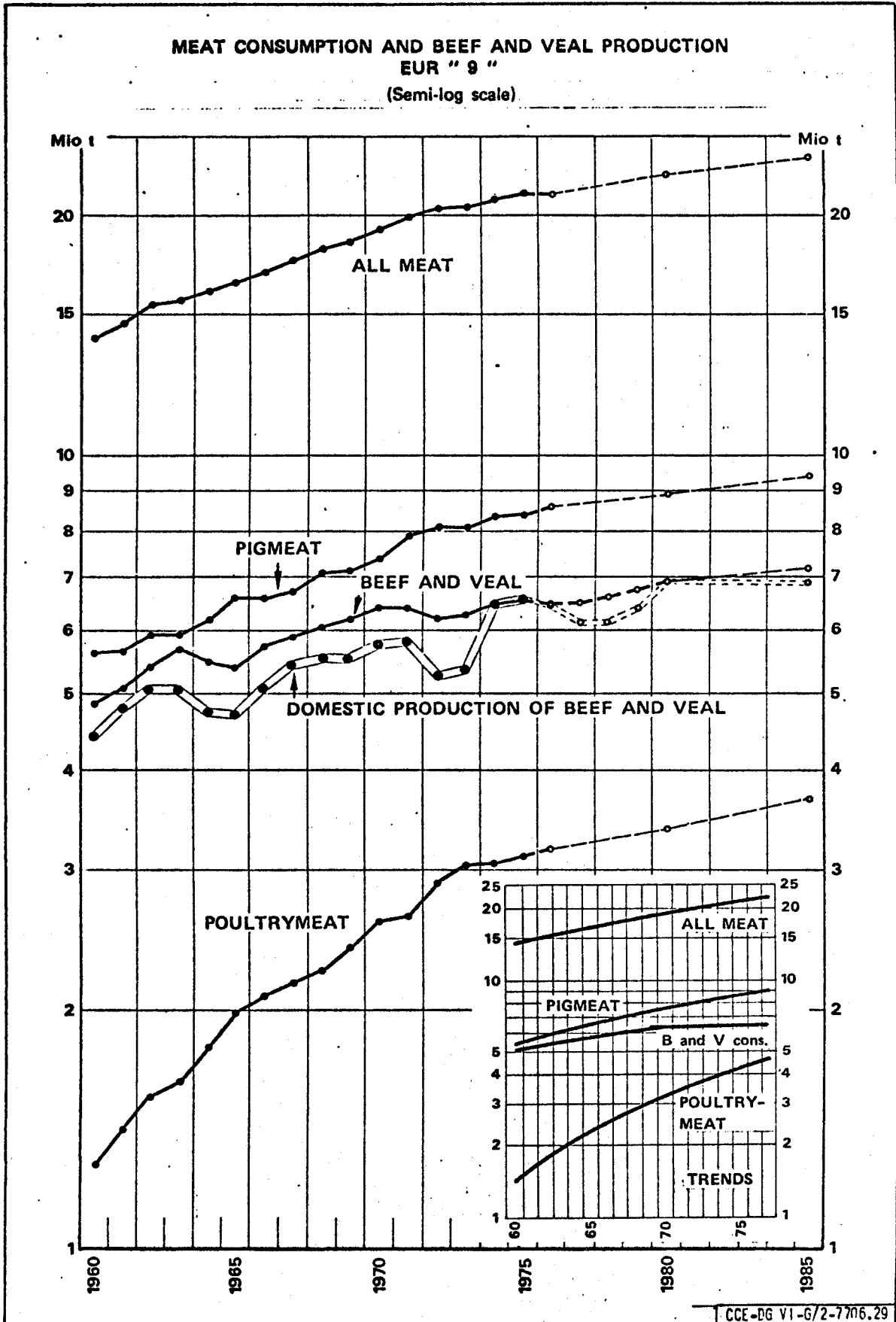
Specialized farmers have a lower and less stable income than mixed farmers; but they have greater guarantees than pig and poultry producers.

Consumption

9. The consumption of beef and veal is increasing by about 1.5% a year (1960-76) but has been tending to level out over the last few years. It is increasing less rapidly than that of pigmeat (3.6%) and poultrymeat (7.8%), so that beef and veal which was 35% of all meat consumed in 1960 is only 31% today. The consumer eats an annual average of about 81 kg of meat, including 32 kg of pigmeat, 25 kg of beef and veal, 12 kg of poultry and 12 kg of other meat and offal (see Graph 3).

10. Consumer habits vary greatly from one Member State to another, both as regards the total consumption of meat (from 63 kg per year in Italy to 88 kg in France) and as regards the different kinds of meat eaten. Whereas beef and veal head the list only in Italy, pigmeat is the most popular meat in all the other Member States. Per capita consumption of pigmeat varies from 17 kg in Italy to 50 kg in Germany and of beef and veal from 15 kg in Denmark to 30 kg in the BLEU.

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Graph 3



11. Different consumer habits directly influence the trend in the consumption of meat compared with other foods (bread, pasta, fish, milk products); in the long term they also influence the trend in the consumption of beef and veal compared with other meat (in particular pigmeat and poultry); in the short term the competitive position of beef and veal is determined mainly by its price. Beef and veal is not only dearer than competing meat but its price is rising more rapidly than that of pigmeat and poultry (where the increases in productivity are greater). In the long term the prices of pigmeat and poultry in real terms have fallen in the Community whereas the price of beef and veal has risen (see Graph 5).

12. However, the reaction of consumers to price variations depends largely on the transparency and efficiency of the distribution system. A rise in producer prices has a fuller and quicker effect than a fall in prices.

Moreover, consumption of beef and veal rises in line with the growth of incomes, provided this is not offset by a rise in prices.

13. In the long term, the increase in total consumption of beef and veal is attributable both to the increase in population and to the slight increase in per capita consumption (from 21 kg in 1960 to 25 kg today). The rise in consumption relates exclusively to red meat, since the consumption of white meat is declining.

The crisis

14. Since 1972 there has been increased instability on the market in beef and veal, which is reflected in prices, cattle numbers and production. The origin of this instability seems to be a lack of confidence on the part of producers following a fall in prices in real terms over the period 1968-71. The reduction in herds caused a drop in slaughterings in 1972, leading to a shortage of beef and veal in the Community at a time of shortage on the world market.

15. The shortage caused market prices to rise substantially (up by 22% in 1972). The result was a general optimism, reinforced by the

measures taken under the common organization of the market (relatively large increase in the guide price; introduction of permanent intervention, premiums for the changeover from milk to meat). The subsequent reconstitution of herds led to a very sharp increase in production in the autumn of 1973 (up by 21% in 1974).

16. Since consumption remained relatively stable, the increase in production caused prices to collapse, leading to widespread slaughterings which were further stimulated by a very sharp rise in production costs. In view of the serious nature of the crisis the Community was obliged, from the spring of 1974, to take protective measures which at first gradually limited imports and which later were gradually relaxed (Exim; "jumelage" - i.e. linked sales).

Permanent intervention, applied since August 1973, has led over four marketing years to the buying in of about 1.3 million t of beef (7% of production). Intervention has taken place to varying degrees in the different Member States, reflecting differences not only in levels of production but also in support systems and monetary effects. In addition, a premium system was implemented to reduce the effects of the crisis (phasing of slaughterings; supplementary income).

17. The instability of the market in beef and veal and the range of specific measures introduced entailed considerable expenditure for the Guarantee Section of the EAGGF (Annex 1), amounting to over 2 000 M u.a. for the period 1974-76 (against only 100 M u.a. for the period 1968-73).

18. The crisis on the market in beef and veal is partly explained by the convergence of economic phenomena both on a world-wide basis and within the Community (gradual synchronization of cycles). It has highlighted the difficulties encountered under the common organization of the market in controlling and regulating the supply of beef and veal. Lastly, it has shown the need to foresee the trend of production and consumption of beef and veal sufficiently far in advance and with sufficient precision to permit an effective counter-cyclical management of markets.

Outlook

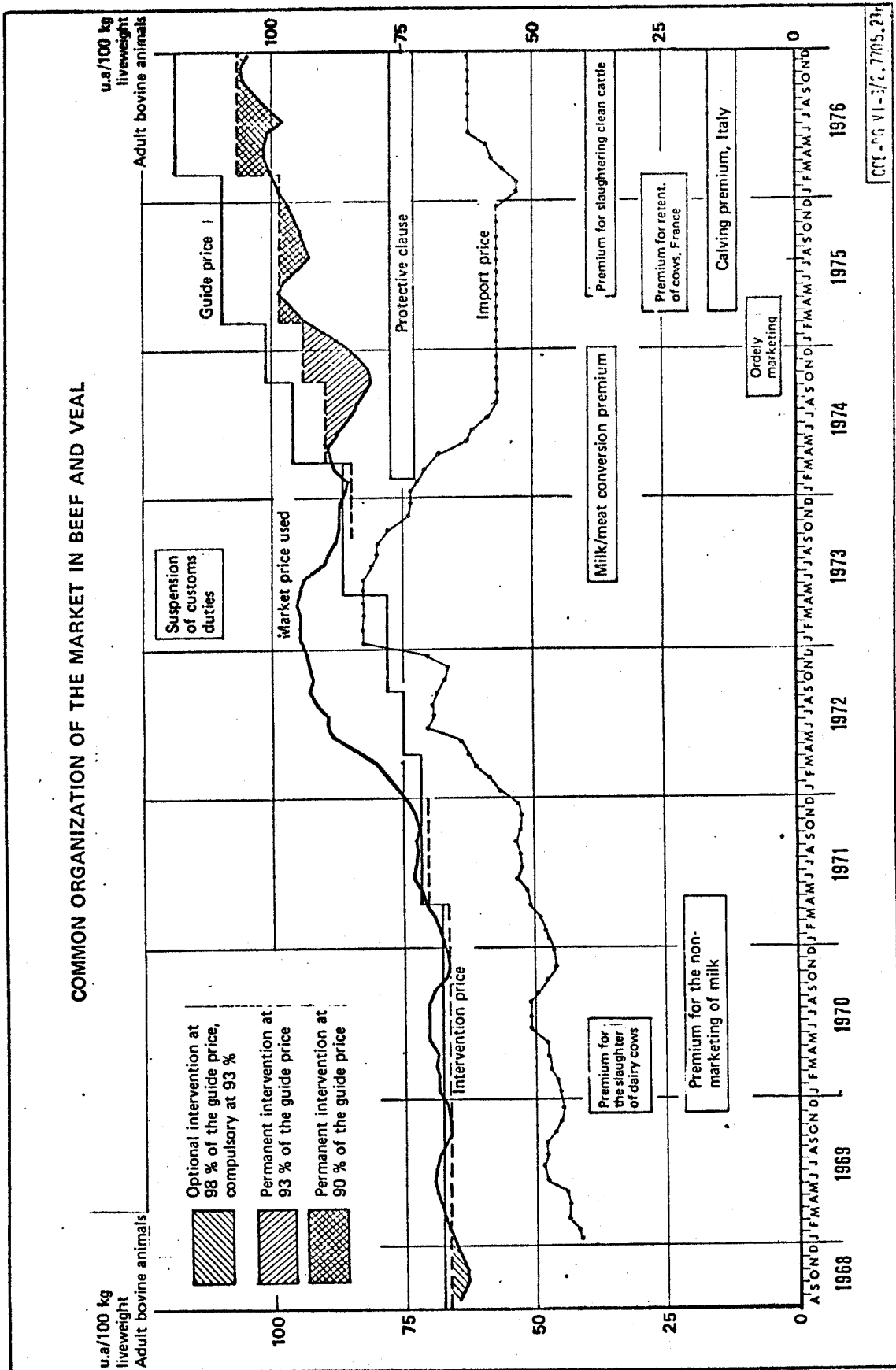
19. The Commission forecasts show a slight increase in the consumption of beef and veal between now and 1985 (from 25 kg to 27 kg per head); the beef and veal percentage of total meat consumption will continue to fall (Graph 3).

Beef and veal production will be the subject of two cyclical movements. The first, beginning at the 1975 peak, will reach its lowest point in 1978/79 and rise again to a peak in 1980/81 (see Graph 1); however, this movement may be influenced by the consequences of the milk action programme. The Community's degree of self-supply will be around 100% at the peak of the cycle and fall to about 95% in the trough.

20. These forecasts show that a recurrence of the recent crisis cannot be ruled out. They suggest that the Community, without neglecting the possible effect of measures relating to consumption, must give priority to developing a battery of measures capable of flattening out the production cycle and thus stabilizing the beef and veal market.

Meat consumption (EUR "9") in kg per head of population

Meat	1960	1970	1975	1980	1985
Beef and veal	21.0	25.5	25.2	26.6	27.3
Pigmeat	24.4	29.6	32.4	34.5	35.9
Poultrymeat	5.5	10.3	12.1	13.0	14.0
All categories	60.9	76.6	81.8	86.4	89.8



Graph 4

II. THE MEASURES ADOPTED

21. The effectiveness of Community and national measures adopted in the beef and veal sector since 1968 and the relative merits of an intervention system and a premium system must be judged against the aims pursued.

The functioning of the common organization of the market established with effect from 29 July 1968 is illustrated in Graph 4.

Already before the 1972 crisis but mainly since 1973, the Community introduced a number of specific measures designed either to reduce the milk surplus or to adjust its policy in the beef and veal sector. These measures are set out in Graph 4. In addition, there are the national measures (premiums; producer groups, etc.) implemented by the Member States and the national expenditure approved in the beef and veal sector.

The aims pursued

22. Among the aims pursued, that of market stabilization calls for special attention. In the downward swing of the production cycle (shortage) the Community facilitated imports from non-member countries (zero levy; partial suspension of customs duties) and introduced non-delivery premiums and conversion premiums and a pricing policy favourable to beef and veal. These measures were generally introduced too late to restrain the downward swing of the production cycle; they thus on the contrary helped to aggravate the crisis. At the time of the production increase in 1974 the Community, with a view to external protection, first resorted to full application of the levy and then to the protective clause, subsequently relaxed. The tergiversations accompanying these decisions led to speculative imports, the scale of which temporarily aggravated the crisis on the common market in beef and veal. Internally, permanent intervention was generally effective, although less than it might have been because of the complexity of distribution networks and the inadequacy of storage and freezing capacity. Similarly, the orderly marketing premiums and the premiums for the slaughter of clean cattle enabled some slaughterings to be phased, but without doing much to counteract the cycle.

On the whole, the measures implemented did not succeed in restraining the cycle. However, this relative failure is due not so much to the intrinsic ineffectiveness of the instruments used as to the manner in which they were implemented and in particular their timing.

23. The support of stockfarmers' incomes depends in the first instance of the effectiveness of the instruments used to stabilize the market in beef and veal. The 65% rise in guide prices between 1971/72 and 1976/77, the introduction of permanent intervention at a high level of guarantee and the use of the protective clause greatly helped to consolidate the level of stockfarmers' income. Although, generally speaking, premiums support the income of recipients, some of them (slaughter, conversion) may have a negative effect on the incomes of non-recipient producers. Overall, the measures adopted proved insufficient to guarantee specialized cattle producers income support comparable to that of mixed producers (milk/meat) or large scale arable producers.

24. The measures adopted can scarcely be said to have encouraged producers to abandon milk production and to concentrate more on meat production. Since 1968 the percentage of beef derived from dairy herds has hardly varied. This is doubtless due to structural rigidity, but probably also to the fact that most of the measures adopted are neutral with regard to the specialization objective and that the conversion premiums were granted at times when the beef and veal market was not very attractive. It is too early to judge the effect of the conversion measures taken pursuant to Directive 72/159 and the milk action programme.

25. The common organization of the market must provide consumers not only with security of supply but also with reasonable and stable prices. It must be acknowledged that at the time of the shortage in 1972 and 1973 and in the absence of adequate supply possibilities on the world market the Community was unable to prevent both an upsurge in prices and a substantial fall in the consumption of beef and veal.

For its part, the pricing policy seems to have come off the rails from the moment the Community believed it could steer milk production towards meat production by substantially raising the guide price for adult bovine animals. Thus, even at the time of over-production, when the protective clause and the permanent intervention were working to the full, the prices of beef and veal in relation to the prices of other meat were not particularly advantageous to consumers. Only specific measures (sales at a reduced price on the internal market to certain consumers and welfare institutions) and, to some extent, the granting of premiums to producers of beef and veal did the consumer any good.

26. The common organization of the market has as its objective to enable the Community to contribute to the support of prices and production within the Community and to the harmonious development of trade in beef and veal both inside and outside the Community. Even when the common market in beef and veal was badly troubled with temporary surpluses and the protective clause was being applied, the Community maintained the imports it was committed to under GATT and opened the door wider to imports from the ACP countries. Moreover, the Community's intervention policy helped to prevent world market prices for beef and veal from falling further.

27. Implementation of the measures adopted under the common organization of the market gave rise, especially from 1974 onwards, to heavy public expenditure. That borne by the Guarantee Section of the EAGGF is set out and analysed in Annex 1; in 1975 it reached nearly one milliard u.a., or 8.4% of the average market price of beef and veal; during the crisis period (1974 to 1976) it was shared between intervention (51%), premiums (30%), refunds (17%) and other measures (2%). The relative economic and financial effectiveness of intervention measures and premiums is analysed below.

Relative merits of intervention and premiums

28. At the request of the council, the Commission has prepared a report on the relative merits of the intervention system and the premium system. This report is annexed to this communication (COM(77)221).

Its main findings are summarized below.

The objectives of the Treaty may be attained either by an intervention system to stabilize prices and incomes or by a system of variable premiums which allows the free play of market forces but guarantees producers a stable income.

29. Both intervention and the premium system are designed to reduce the swings of the production cycle and hence to stabilize markets.

Permanent intervention, which has been implemented since 1973, prevented a greater run-down of herds in 1974-75 and the return to a shortage situation; moreover, because of the greater security it offers to meat producers, intervention prevents them from changing over to milk production. In the medium term the granting of a variable premium, which provides producers with guaranteed receipts, helps to stabilize the production cycle. In the short term it helps to attenuate the seasonal fluctuations in production.

30. Only intervention measures can stabilize market prices. In the event of seasonal or cyclical increases in production or when there are exceptional circumstances (drought) intervention stops prices collapsing. However, the effectiveness of intervention depends on its being permanent and general throughout the Community and on the availability of adequate storage capacity. In a shortage, intervention provides an effective means of supplying the market, from the stock of meat in intervention; it then helps to counteract the rise in prices.

The stabilization of market prices is only imperfectly achieved by premium systems. These do not prevent great variations in prices; they may even add to them if they are granted selectively and at an untimely moment.

31. While intervention has absolutely no effect on specialization, some premiums can help to steer producers towards meat production and away from milk production. Conversion and non-marketing premiums and other premiums of a selective nature can be effective in this respect.

32. Intervention and premiums systems affect consumption differently. In a period of over-supply, intervention restrains consumption while variable premiums stimulate it; in a shortage, on the other hand, intervention is more favourable to consumers. However, the reactions of consumers to price variations vary according to the Member State.

The variable premium system has a positive effect on consumption in the United Kingdom in the short term but does not necessarily have a long term effect. In the other Member States, in the absence of intervention consumption absorbs only part of the surpluses. But in the long term intervention makes for more stable prices and supplies to the consumer.

The favourable effect on consumption of a fall in prices depends on the transparency and effectiveness of the distribution system, consumer habits, price elasticity and the price relationship for the consumer between the various types of meat.

By the time it leaves intervention meat has usually lost the qualities of freshness, etc., required by the consumer. Naturally there are appreciable differences as to marketability, and consequently as to price, between fresh meat and frozen meat.

33. Non-uniform application of premium and intervention measures is liable to cause irregularities in intra-Community trade and in the intervention operations financed by the EAGGF. It should be noted, however, that in 1975 the granting of a variable premium in the United Kingdom does not seem to have caused such serious disturbances.

Moreover, the lack of uniform intervention conditions in the Member States (different qualities and buying-in prices) and the effect of monetary compensatory amounts can also cause distortions.

34. Under a given system of external protection, intervention and premiums seem to have no effect on trade with non-member countries, but there is a risk of changes in the quality of the meat which is the subject of trade.

35. For a given level of income support for producers, a premium system always places a greater burden on the budget than intervention, although intervention in the beef and veal sector is more costly relatively speaking than in other sectors (cereals, sugar). Although a premium system is advantageous for consumers and consequently for the economy in general, and whereas this advantage might more than offset the budget cost, it is doubtful if it would accrue entirely to the consumer in view of the nature of the distributive networks in this sector.

It is even doubtful whether a premium system applied over an entire production cycle can offset, to the consumers' advantage, the budgetary expenditure incurred to assist producers (less economically effective).

The implementation of a mixed system of variable premiums and intervention, which is more costly to the budget than a pure intervention system, is probably more advantageous to consumers than the latter. This effect would be even more pronounced if the level of the guide price took more account of the relative prices of competing meat.

36. Concluding its analysis of the respective merits of intervention and premiums, the Commission considers

(a) that intervention is an effective system for achieving market stabilization and security of supply. However, its application must be limited and selective so as to avoid encouraging production in the long term and in order to facilitate the desired specialization of production; it must be flexible and operate at least cost;

(b) that the premium system is an additional tool for increasing the flexibility of the intervention system and providing better guidelines for beef and veal production. Generally speaking, premiums are also advantageous to consumers.

III. THE AMENDMENTS PROPOSED

37. In view of past and foreseeable developments on the market in beef and veal and the experience gained since 1968, the Commission proposes to the Council that certain amendments be made to the common organization of the market in beef and veal.

The Commission considers that this market organization should pursue, in the light of the objectives of Article 39 of the Treaty, the following specific aims:

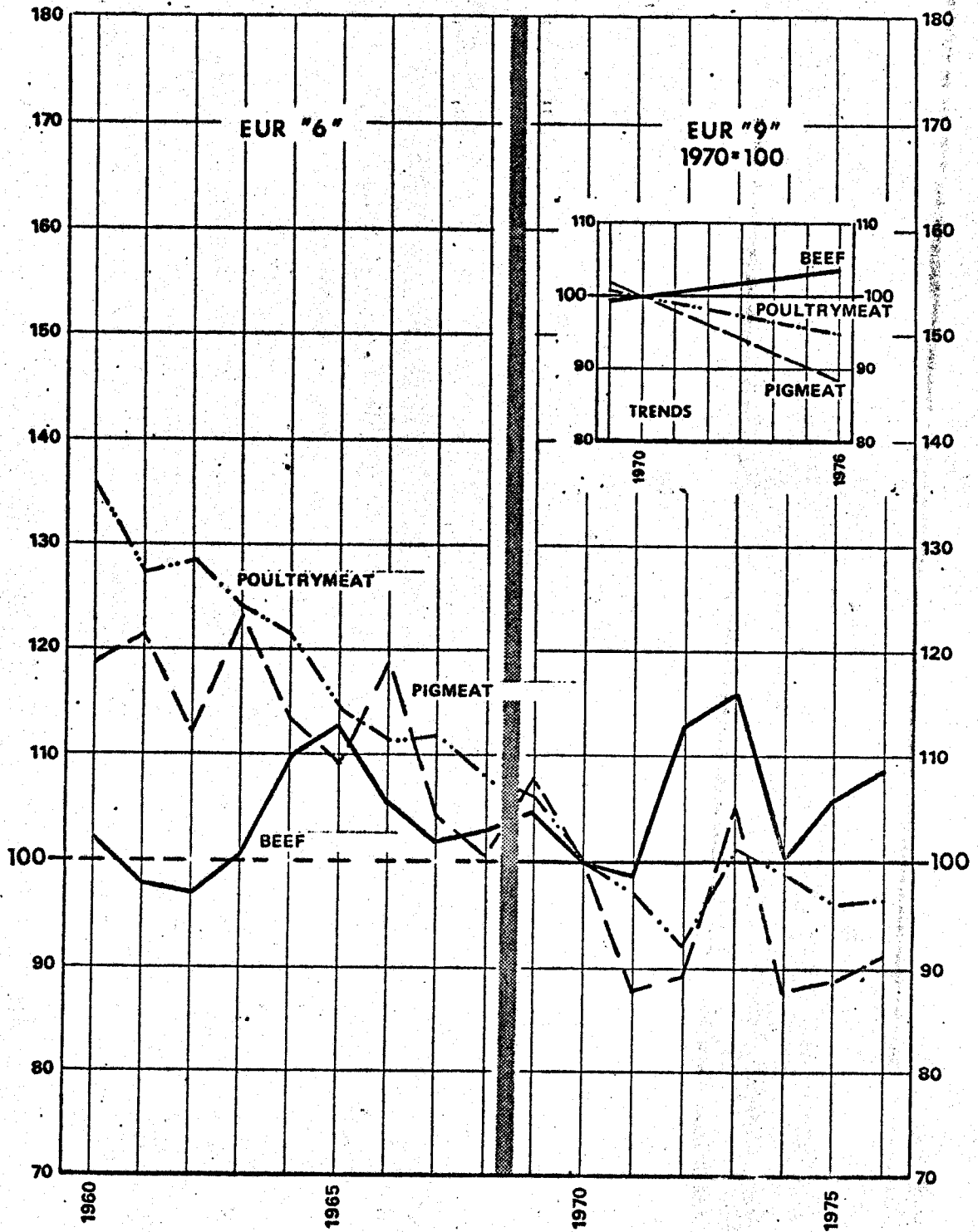
- (a) to counteract the production cycle by limiting its swings and extending its duration;
- (b) to allow sufficient flexibility in the interplay of supply and demand on the market in beef and veal;
- (c) to contribute to the Community's efforts to restore balance on the milk market, by encouraging producers to specialize more in meat production.

38. In order to avoid distortions of competition, the system adopted must apply throughout the Community. It must be sufficiently flexible to enable the market to be managed consistently and effectively. Lastly, the market management policy implemented must be as efficient as possible in its use of financial and economic resources.

39. To take account of the particular features of the market in beef and veal, the system chosen must include measures to deal with all phases of the production cycle (fall in production; shortage; rise in production; surplus). Similarly, the system must be sufficiently flexible to cope with the relatively high elasticity of demand for beef and veal.

The measures proposed, combined with the external protective arrangements and the instruments of socio-structural policy (hill farming, modernization of farms) must make it possible to manage the market in such a way that producers and consumers benefit equally.

MOVEMENT OF THE INDICES OF PRODUCER PRICES IN REAL TERMS FOR ADULT BOVINE ANIMALS, PIGS AND POULTRY



CCE-DG V1-G/2-7705.22

Graph 5

Cautious pricing policy

40. The price of beef and veal compared with the price of pigmeat and poultry is at present such as to discourage the consumption of beef and veal and to encourage the consumption of competing meat (see Graph 5) and synthetic meat. Moreover, high prices for beef and veal are likely to encourage milk production. For this reason the Commission considers it necessary to pursue a cautious pricing policy for beef and veal in the future.

Stabilization of the market

41. In order to avoid excessive variations in market prices, the Commission proposes to employ the following measures:

- (a) private storage
- (b) variable premium (for categories to be defined).
- (c) public buying-in
- (d) slaughter premium (dairy cows)

These measures and those relating to external protection¹ would be implemented depending on the movement of market prices in relation to the guide price:

Measures	Level of market price (as % of guide price)
(a) <u>Market price low</u>	
Stepped-up levy ²	< 98
Private storage ²	< 93
Variable premium ²	< 90
Public buying-in	percentage to be fixed below 90, in relation to the decision on the level of the guide price ³ .
(b) <u>Market price high</u>	
Whole levy	98-100
Slaughter premium ²	> 100
Reduced levy	100-106
Zero levy ² {	> 106
Reduced CCT ² }	

¹ See OJ No L 61 of 5 March 1977, p. 1.

² Non-automatic measure.

³ Level of intervention price ; buying-in would be permanently available unless there is suspension.

42. The Commission believes that permanent intervention represents an adequate means of preventing an excessive fall in the prices of beef and veal and thus providing permanent protection for farmers' incomes ; since producers' incomes would also be guaranteed by a premium system the intervention price could be fixed below 90 % of the guide price at a level which would relate to the decision on the guide price. The system at present in force allows the suspension of buying-in when the market price reaches 95 % of the guide price ; the Commission proposes that this threshold be changed to a level which will depend on the percentage adapted for fixing the intervention price.

43. The application of permanent intervention as a general rule does not however exclude recourse to private storage. This has the advantage of permitting more sophisticated intervention measures, in respect of quantities and qualities which are more in line with market requirements. It also provides for greater flexibility in the interplay of supply and demand on the market in beef and veal.

The Commission proposes to make increased use of this instrument from the moment when market prices fall below 93% of the guide price.

44. The Commission is proposing to the Council that premiums (both variable and slaughter premiums) be retained as a permanent instrument of the common organization of the market. The granting of premiums makes it possible to guarantee an adequate return to producers, to encourage them to specialize instead of combining milk production with meat production and to reduce the swings of the beef and veal production cycle and the seasonal variations in production.

45. The variable premium could be paid on the slaughter of eligible cattle when the Community market price falls below 90 % of the guide price.

The payment of the premium would be suspended throughout Community when the Community market price reached 90 % of the guide price.

In a given Member State the premium could be suspended or maintained under certain circumstances, if the market price there deviates considerably from the average market price in the Community.

The amount of the variable premium should cover the difference between 90 % of the guide price and the Community market price for adult bovine animals; however the amount of the premium would be limited to 10 % of the guide price to contribute to a certain stability in the market price.

In case of intervention, the part of the premium which exceeds the difference between 90 % of the guide price and the intervention price would be deducted from the buying-in price for meat coming from animals eligible for premium.

Indeed, the application of a system combining the permanent intervention with the granting of a variable premium can only be justified if a relative fall of the intervention buying price with regard to the guide price is achieved.

With this system :

- due to the granting of the premium a certain advantage is secured to the consumers on one hand, taking into account the fact that the market price can fall below the intervention price, and
- on the other hand due to the granting of the premium combined with the benefits derived from the permanent intervention one is in position to allow the Community producers on average a return at least equal to 90 % of the guide price.

The Cost of the variable premium would be borne entirely by the EAGGF.

46. In the event of an increase in production, the introduction of the variable premium would make it possible to spread out supply on a seasonal basis in a way that is more in line with demand. On the other hand, in a shortage it has no effect. For this reason the Commission proposes the introduction of slaughter premiums for dairy cows and/or heifers from the moment when the movement of the production cycle indicates a shortage, with market prices above the guide price and on the increase.

47. The Commission is examining the desirability of introducing supplementary measures to encourage greater specialization in meat production, after the end of the system of premiums for the non-marketing of milk introduced under the milk action programme.

Accompanying measures

48. The implementation of the above system calls for a number of accompanying measures:

- (a) it is essential to have short-, medium- and long-term forecasts which are constantly updated if there is to be efficient management of all the instruments proposed and in particular if they are to be implemented at the right moment;
- (b) the changeover from the present system of recording market prices (live animals) to a system of recording market prices based on a Community classification of carcasses is also essential if the transparency and management of the market are to be improved.

The Commission also considers it necessary to examine measures to improve the marketing system (slaughterhouses, producer groups) so as to make the functioning of the market in beef and veal more effective.

ANNEX I

EEC - Community support measures in the beef and veal sector

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
										estimat. without double rate
A. Expenditure										
(i) EAGGF Guarantee Section										
- refunds	14	12,2	25,1	17,5	7,4	3,3	55,5	144,2	135,7	110,4
- intervention	-	6,3	5,7	1,6	-	13,7	246,7	438,2	350,8	251,3
- slaughter/orderly marketing/ retention of cows and calf premiums	-	-	-	-	-	-	16,3	359,5	159,5	153,7
- other measures ¹	-	-	-	-	-	-	2,3	38,1	0,2	-
(ii) EAGGF Guidance Section ²	-	-	-	24,8	1,9	4,3	11,7	27,7	17,-	12,0
(iii) National financing of Community measures ³	-	-	-	-	-	-	18,7	288,8	77,5	12,0
Total (a) million u.a.	14	18,5	30,8	43,7	9,3	21,3	351,2	1.296,5	737,7	519,6
(b) u.a./100 kg liveweight	0,14	0,18	0,29	0,40	0,09	0,22	2,92	10,64	6,20	4,55
B. Gross domestic production⁴ in thousands of tonnes	5.542	5.517	5.782	5.834	5.263	5.359	6.487	6.582	6.430	6.150
C. Average market price (u.a./100 kg liveweight)	63,97	67,84	68,81	71,55	87,58	91,68	85,29	94,68	101,67	115
D. Total expenditure as a percentage of market price A(b)/C	0,22%	0,26%	0,42%	0,56%	0,01%	0,02%	3,4%	11,2%	6,1%	4,0%
E. Of which: premiums chargeable to the EAGGF as a percentage of market price	-	-	-	-	-	-	0,5%	5,8%	2,1%	1,3%
F. Average market price plus premiums (u.a./100 kg liveweight)	63,97	67,84	68,81	71,55	87,58	91,68	85,68	100,19	103,78	116,55
							0,39	5,51	2,11	1,55

⁵Premiums chargeable to the EAGGF in u.a./100 kg :

¹Welfare sales - publicity campaigns.
²Premiums for the slaughter of cows and the non-marketing of milk (Regulation (EEC) No 1975/69).
³Premiums for the changeover from milk to meat (Regulation (EEC) No 1353/73).
 -Premiums referred to in 2, plus slaughter and orderly marketing premiums.

⁴Sources: Eurostat; meat balance.