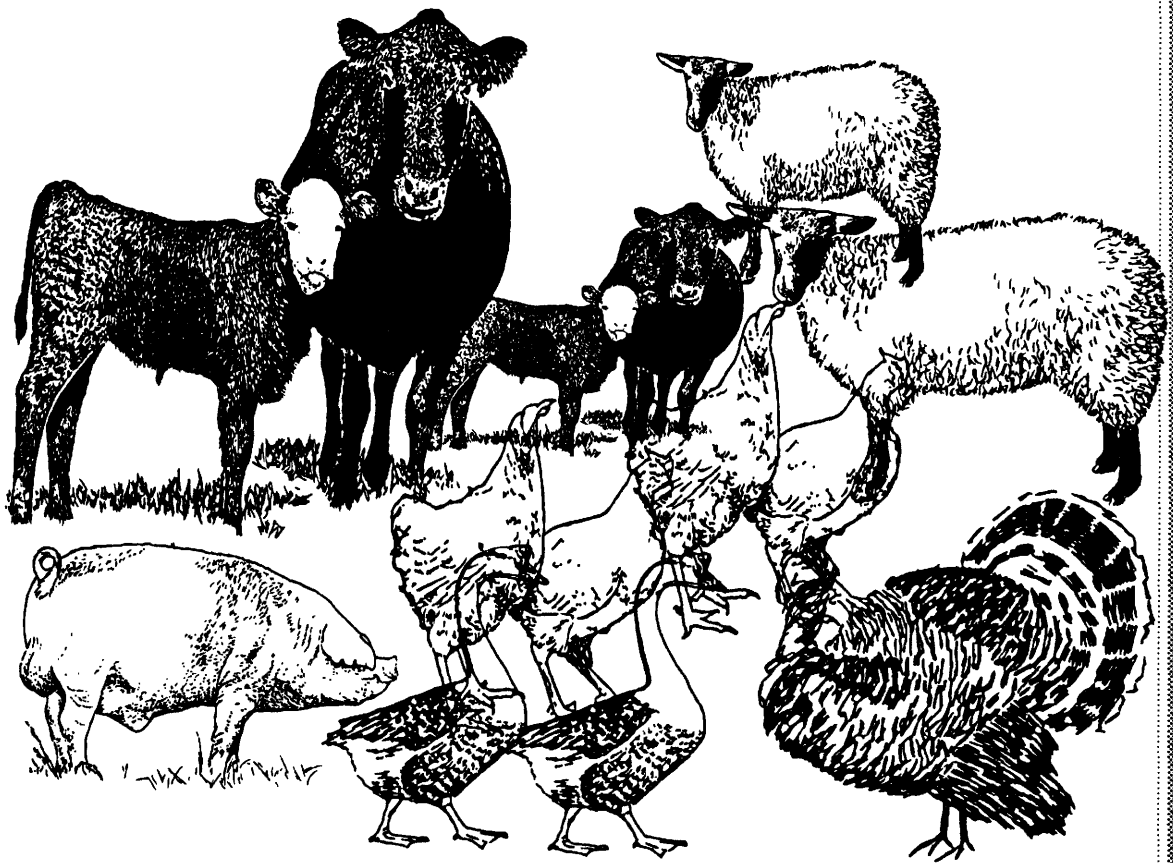


COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL FOR AGRICULTURE

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MEAT

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I N T R O D U C T I O N

The information in this document is arranged in three parts:

- the "analysis" part describes the market situation and the mechanisms of the market organization in the product;
- the "statistics" part gives most of the tables appearing for the product in the annual report on agriculture in the Community;
- lastly, the "explanatory memorandum" of the Commission's annual agricultural price proposals seem to us to provide an indispensable illustration of the Community policy.

* * *

DESCRIPTION OF THE MECHANISMS
OF THE COMMON MARKET ORGANIZATIONS (*)

A. BEEF/VEAL

The common organization is governed by Regulation (EEC) No 805/68, as last amended by Regulation (EEC) No 3577/90.

It covers the following products:

- live animals: bovine animals of less than 300 kg and adult bovine animals, whether pure-bred breeding animals or not,
- meat: meat, fresh, chilled or frozen, other,
- processed products: other preparations and preserves of meat or offal, cooked or uncooked,
- offal.

The marketing year runs from the first Monday in April to the end of the previous day of the following year.

In 1990, expenditure on beef/veal accounted for some 11,3% of total EAGGF Guarantee spending.

1. ECONOMIC BACKGROUND

The Community ranks second behind the United States in the production of beef/veal, which accounts for some 14% of the value of final production. In the years 1984 to 1987, the production of beef/veal held steady at about 8 million, mainly as a result of the slaughterings attendant on the application of the system of milk quotas. Production then declined by 5,5% in 1988 and 2,9% in 1989. 1990 saw a cyclical upturn in beef/veal production, and the slaughter of dairy cows in the former GDR increased supply by 4%. This increase should slow down in 1991.

The economic situation, having improved somewhat from 1983 onwards, beef/veal consumption showed a rise of about 5% until 1988. After some stabilization in 1989, consumption of beef/veal fell by 3,8% in 1990 as a result of the BSE scare. A slight increase is expected in 1991.

(*) Translated from "Avant-projet de budget général 1992, Commission, sous-section B1, titre 1, chapitres 21 à 24".

The rate of self-sufficiency, which exceeded 100% up to 1988 was below 100% in 1989; in 1990 it rose again to 107,4% and is expected to drop slightly in 1991.

As regards trade, the EEC imported about 500 000 t of beef/veal in 1990 and exported some 780 000 t, leaving a surplus balance of about 280 000 t.

2. OPERATION OF THE MARKET

2.1. Price arrangements

Every year the Council fixes two categories of prices:

- (a) The guide price: The guide price is fixed for adult bovine animals in the light of the outlook for production and consumption, of the situation of the milk and milk products market and of past experience. It is the desired average price on the Community market for all quantities marketed during the marketing year. The guide price and the Community market price are used as a reference to determine the relevant import levies.
- (b) The intervention price: This is the price (ECU 343/100 kg carcass weight for R3 adult male bovine animals) which determines support for the market in beef/veal.

2.2. Specific market instruments

2.2.1. Import and export arrangements

Imports are governed by very specific rules according to product. The principle is that a customs duty and a levy are charged related to the guide price and the market price. There are two exemptions:

- the scarcity clause, which restricts or abolishes customs duties and levies;
- the protective clause, which provides for restrictions on imports.

There are also special schemes in certain fields.

Community exports may attract a refund - which may be varied according to intended use/destination - offsetting the difference between world prices and Community prices.

2.2.2. Storage

Under the intervention system set up in 1972, intervention agencies can buy in categories and qualities of meat the market price of which fails to reach a certain percentage of the derived intervention price for these categories.

The Council decided (Regulation (EEC) No 571/89) that intervention would be opened, generally speaking, by reference to the following criteria:

- (a) the average market price in the Community for the quality or group of qualities concerned must be below 88% of the corresponding intervention price;
- (b) the average market price nationally for the quality or group of qualities concerned must be below 84% of the corresponding intervention price.

The buying-in price is determined by tendering procedure. Buying-in may not exceed 235 000 t a year except in certain situations. Nonetheless, a buying-in scheme above the ceiling may be established as a safety net, relating to all tenders submitted up to 80% of the intervention price, when market prices fall below 80% of the intervention price in three regions of the Community representing at least 55% of Community production.

Private storage aid permits more flexible intervention according to the quantities and qualities meeting market requirements and may be paid when the market price falls below a certain percentage of the guide price.

2.2.3. Premium system

In parallel with the changes to the intervention system, the Council decided on a system of premiums valid from 3 April 1989. These premiums should help to offset the effect of the adjustments to the intervention system on producers' incomes.

- (a) Premium for suckler cows (Regulation (EEC) No 1357/80)

The aim of this premium is to ensure a reasonable income for stockfarmers. To claim the premium, each farmer must show that he delivers no milk or milk products from the holding operated on the day he files the application. This measure was extended in 1990 to small milk producers (reference quantity

60 000 kg/year). The premium for 1990/91 is ECU 40/head, chargeable to the EAGGF Guarantee Section. The Member States may pay an additional premium, not exceeding ECU 25/cow, of which ECU 20 is chargeable to the EAGGF Guarantee Section when paid in Ireland, Northern Ireland and Greece.

(b) Special premium (Regulation (EEC) No 805/68)

This premium is fixed at ECU 40 per head and may be paid for male animals reared to adulthood, once during the life of the animal or at slaughter. It is paid for a maximum of 90 head per holding.

2.2.4. Community scale for the classification of carcasses of adult bovine animals (Regulation (EEC) No 1208/81)

This Regulation, which was made generally applicable by Regulation (EEC) No 1186/90, standardizes the classification of carcasses in the Community. Market prices are recorded on the basis of the classification, in carcase weight at the slaughterhouse and expressed according to the reference presentation established by the Regulation. By Regulation (EEC) No 869/84 the Council decided that intervention measures for carcasses of adult bovine animals were to be applied on the basis of the Community scale from 9 April 1984. It has enabled a single buying-in price to be fixed for each quality of fresh or chilled meat eligible for intervention.

B. SHEEPMEAT AND GOATMEAT

The market organization for sheepmeat and goatmeat is governed by Regulation (EEC) No 3013/89, as amended by Regulation (EEC) No 3577/90.

The products covered are the following:

- live animals: sheep and goats whether or not pure-bred,
- meat: fresh, chilled or frozen,
- processed products: meat and offal of sheep and goats, salted, dried or smoked, preserved, other,
- offal.

The marketing year runs from the first Monday in January to the end of the previous day of the following year.

Expenditure in this sector accounted in 1990 for 5,8% of total EAGGF Guarantee expenditure.

1. ECONOMIC BACKGROUND

The gross Community production of sheep and goatmeat in 1990 was 1 193 000 t (EUR 12), i.e. an increase of 6,6% on the 1989 figure. The long-term trend has been upward since 1970. Production is expected to rise by about 1,0% in 1991. The number of sheep is about 102 million (EUR 12). The Community is the world's second largest producer, the largest being the USSR.

In 1990 Community consumption was 1 430 000 t (EUR 12). The long-term trend is upward in all Member states at a slightly slower rate than the increase in production.

The degree of self-sufficiency is at present about 85% (EUR 12).

As regards trade, in 1989, the EEC imported 258 000 t of sheepmeat, in particular from New Zealand; its exports totalled 7 400 t. In 1990, the quantities imported are expected to be slightly smaller than in 1989.

2. OPERATION OF THE MARKET IN SHEEPMEAT

2.1. Price arrangements

Every year the Council fixes the basic price for fresh or chilled sheep carcasses. It is the same for the entire Community.

The basic price is seasonally adjusted by the Council on a proposal from the Commission, to take account of seasonal variations on this market.

2.2. Specific market instruments

2.2.1. Import and export arrangements

The arrangements for imports vary according to the product imported. For some products, i.e. offal, the Common Customs Tariff duties are chargeable.

For others, i.e. live animals other than pure-bred breeding animals, and meat, chilled or frozen, imports attract a levy. The levy matches the difference between the basic price, seasonally-adjusted, and the Community free-at-frontier price established on the basis of the most representative purchasing possibilities, as regards quality and quantity, recorded during a period to be fixed, preceding the determination of the levy.

However, for products bound under GATT, i.e. fresh and frozen meat, the levies may not exceed the amount bound (20% ad valorem).

A special levy may be fixed for products originating in or coming from one or more non-member countries, if such exports are effected at abnormally low prices. In practice however, under voluntary restraint arrangements concluded with the main non-member supplier countries, the import levies are currently suspended.

Exports of sheepmeat may, where necessary, attract a refund matching the difference between the prices of the products on the world market and those in the Community. It may be varied according to intended use/destination. Thus far, the instrument in question has not been applied.

2.2.2. Private storage

When the Community market price and the market price of a given quotation area are less than 90% of the seasonally adjusted basic price and likely to remain so, private storage aids may be decided on for the quotation area in question; if the two above-mentioned prices are below 85% of the seasonally adjusted basic price, the private storage aids which may be decided on must be based on a tendering procedure.

Where the market price for a quotation area is less than 70% of the seasonally adjusted basic price for two consecutive weeks, the Commission must decide to initiate a tendering procedure for the granting of private storage aids in the quotation area in question.

2.2.3. Premiums

- (a) Ewe and goat premium: For the 1991 marketing year the Community is divided into two regions. Taking into account any change in market prices in each relevant region, losses of income are estimated at the end of the marketing year. The loss of income represents any difference between the basic price and the arithmetical mean of the market prices recorded during the marketing year.

The amount of the premium payable per ewe is obtained by multiplying the loss of income referred to above by the normal average annual production of lamb per ewe for each region. The premium is paid in full on the first 1 000 animals per producer in less-favoured areas and the first 500 per producer in other areas. Beyond these limits, the premium is reduced by 50%.

The Member States are authorized to pay a six-monthly advance of 30% to all their producers. The balance is set at the end of the marketing year to take account of real changes in market prices and to ensure that the premium actually paid corresponds to the actual loss of income.

In some clearly defined regions of the Community, eligibility for the premium has been extended to two categories of animal, namely certain females of hardy sheep breeds, other than ewes, and she-goats. In these cases, the unit amount applied hitherto corresponds to 80% of the ewe premium (70% from 1990).

From the 1991 marketing year onwards a distinction is to be made throughout the Community between ewes producing heavy lambs and those producing light lambs. The calculation of the loss of income and the productivity coefficient mentioned above will be limited to the production of heavy lambs. The resulting amount will be granted on ewes producing heavy lambs, while for ewes producing light lambs and also for she-goats, the amount will be reduced by 30%.

- (b) Variable slaughter premium: The United Kingdom can grant a sheep slaughter premium in the region of Great Britain whenever the prices on the representative markets of that region are below a "guide level" corresponding to 85% of the basic price. The guide level is seasonally adjusted every week in the same way as the basic price. The variable slaughter premium, equal to 55% (1991 marketing year) of the difference between the guide level and the market price, is paid in respect of sheep certified as having been marketed during the week concerned. Payment of the variable premium is to be phased out by 1993 at the latest.

Where the premium has been paid, an equivalent amount is charged on export leaving that region ("clawback"). Products exported to non-member countries are excluded from clawback.

Where the variable-premium arrangements are applied, the weighted average of the variable premiums actually granted is deducted from the loss of income.

2.3. Stabilizer

From 23 May 1988, where the estimated ewe headage for a marketing year exceeds the maximum guaranteed quantity (18 100 000 head for Great Britain and 45 300 000 head for the other regions), the premiums are reduced by the impact on the basic price of a coefficient representing a 1% cut in the basic price for each 1% tranche by which the maximum guaranteed quantity is exceeded. The guide level is reduced by the same percentage as the basic price.

C. PIGMEAT

The pigmeat market organization is governed by Regulation (EEC) No 2759/75, as last amended by Regulation (EEC) No 3577/90.

The products covered are:

- live animals
- meat, offal, bacon and fats,
- processed products: preserves, sausages, etc.

The marketing year runs from 1 July to 30 June.

Expenditure in this sector varies around 1% of total EAGGF Guarantee expenditure (1,0% in 1990).

1. ECONOMIC BACKGROUND(1)

In 1990, about 13,4 million t of pigmeat was produced in the EEC (EUR-12), an increase of 2,7% on the previous year.

Pig carcass prices on the Community market rose during the first six months of 1990. This was caused by a reduction in production in Belgium as a result of classical swine fever, a slight fall in herd numbers and good export performance. The second half of 1990, on the other hand, saw a substantial drop in market prices, following the normalization of pig production in Belgium and poor exports.

Production in 1991 is expected to increase by 1,9%.

During the first quarter of 1991, pig carcass prices showed an upward trend. This should be seen in connection with the private storage aid scheme operated in January and February 1991. It would appear that the favourable situation on the market in pigmeat is continuing during the second quarter of 1991.

Overall self-sufficiency in 1990 was nearly 104% (1989: 103%) but varied widely from Member State to Member State.

As for trade with non-member countries, imports are estimated at 50 000 t in 1990 and exports at 510 000 t, excluding offal and lard.

(1) Excluding production on the territory of the former GDR.

2. OPERATION OF THE MARKET

2.1. Price arrangements

The pigmeat market organization has three prices:

- (a) The basic price: this price is fixed every year by the Council, in the light of the sluice-gate price and the levy applicable in the three-month period beginning on 1 July of each year and of the need for a price at a level such as to help ensure stable prices on the markets without engendering structural surpluses in the Community.
- (b) The buying-in price: This price is derived directly from the basic price (between 78 and 92% of the latter for carcasses of standard quality). When intervention purchasing is in operation the intervention agencies buy in at this price. It is fixed by the Commission by the management committee procedure. There has been no intervention purchasing since 1971.
- (c) The sluice-gate price: This price is calculated for each three-month period by the Commission and corresponds to cost prices in non-member countries. It is based on world market feed prices and on the other costs of production.

The sluice-gate price is used for the calculation of the additional amount which may be charged on imports.

2.2. Specific market instruments

2.2.1. Import and export arrangements

Imports attract a levy which depends primarily on the difference between the world market price and the Community market price of the quantity of feed grain necessary for the production of 1 kg of pigmeat in the EEC.

For products bound under GATT, the levies may not exceed the limit agreed.

Whenever imports from non-member countries are offered at a price below the sluice-gate price, an additional amount may be added to the levy. The increased levy is applicable to the relevant product and to the non-member country concerned.

Exports qualify for a refund fixed, for each product, uniformly throughout the Community but which may be varied according to intended use/destination. The refund is based on the difference between the world market price and the Community price.

2.2.2. Storage

Buying-in - Public storage: Pigmeat may be bought in whenever the Community market price for carcasses, established on the basis of prices recorded in each Member State on the EEC representative markets and weighted by coefficients expressing the relative size of the pig herds of each Member State, is below 103% of the basic price and is likely to remain at this level.

When intervention purchasing is in operation the intervention agencies buy in at the buying-in price referred to under 2.1.

Private storage aid: This is the commonest kind of intervention, because of its greater flexibility.

The aid is fixed:

- either by tendering procedure,
- or at a flat rate in advance, (the method actually used).

Normally it may not exceed an amount corresponding to the costs which would be involved in storage under public intervention arrangements. It always allows for storage costs, normal quality loss and, as far as possible, the foreseeable increase in the price of the product.

D. POULTRY

The poultry market organization is governed by Regulation (EEC) No 2777/75, as last amended by Regulation (EEC) No 3577/90.

The products covered are as follows:

- poultry: live, dead and offal, poultry liver, poultry fat, other preparations.

There is no marketing year for poultry.

In the past, expenditure on poultry has remained below 1% of total EAGGF Guarantee spending (0,7% in 1990).

1. ECONOMIC BACKGROUND

In 1989, the Community of Twelve's gross internal production of poultrymeat was 6,1 million t (+2,1% compared with 1988).

Consumption increased by 2,6% to a figure of 5,9 million t.

The degree of self-sufficiency in 1989 was 106,6% (-0,5%).

As regards trade, imports in 1989 rose by 11,7% (115 000 t). Exports were also up 11,4% on 1988, to a tonnage of 448 000 t.

2. OPERATION OF THE MARKET

2.1. Price arrangements

The common organization for poultry is very flexible. There are no guaranteed prices but only a set of measures designed to improve the organization of production, processing and outlets and to achieve an improvement in quality and forecasts. There are no arrangements for intervention.

There is, however, a sluice-gate price, fixed in advance for each quarter by the Commission by the management committee procedure. The sluice-gate price corresponds to the cost of production in non-member countries and is made up of:

- an amount equal to the world market price of the quantity of feed grain needed for the production in non-member countries of 1 kg of the relevant product;
- a standard amount expressing the other feed costs and general production and marketing overheads.

2.2. Specific market instruments

2.2.1. Import and export arrangements

Imports of poultry attract a levy fixed in advance for each quarter. The levy is made up of:

- a component matching the difference between Community prices and world prices of the quantity of feed grain needed to produce 1 kg of the relevant product;
- a component of 7% of the average sluice-gate prices for the four quarters preceding 1 April of each year.

Where, for a given product, the free-at-frontier offer price falls below the sluice-gate price, the levy may be increased by an additional amount equal to the difference between the sluice-gate price and the offer price.

Exports may qualify for refunds, which may be varied according to intended use/destination.

Trend of appropriations (*)

(ECU)

Article	Heading	Appropriations 1992	Appropriations 1991
B1-210	Refunds on beef/veal	1.517.000.000	1.157.000.000
B1-211	Intervention storage of beef	2.330.000.000	412.000.000
B1-212	Intervention other than storage of beef	789.000.000	757.000.000
TOTAL OF CHAPTER B1-21 (BEEF/VEAL)		4.636.000.000	2.326.000.000
B1-220	Export refunds for sheepmeat and goatmeat	p.m.	p.m.
B1-221	Intervention in the form of storage of sheepmeat and goatmeat	43.000.000	69.000.000
B1-222	Intervention other than storage of sheepmeat and goatmeat	1.778.000.000	1.638.000.000
TOTAL OF CHAPTER B1-22 (SHEEPMEAT AND GOATMEAT)		1.821.000.000	1.707.000.000
B1-230	Refunds on pigmeat	193.000.000	230.000.000
B1-231	Intervention for pigmeat	45.000.000	50.000.000
B1-239	Other intervention	25.000.000	p.m.
TOTAL OF CHAPTER B1-23 (PIGMEAT)		263.000.000	280.000.000
B1-241	Refunds on poultrymeat	212.000.000	220.000.000
B1-249	Other intervention	p.m.	p.m.
TOTAL OF CHAPTER B1-24 (EGGS AND POULTRY-MEAT) FOR WHAT CONCERNS POULTRYMEAT		212.000.000	220.000.000

(*) Extracted from "Final adoption of the general budget of the European Communities for the financial year 1992"

Reform of the common agricultural policy(*)

Under the reform of the common agricultural policy(1), the Commission has transmitted to the Council three proposals concerning beef/veal and two proposals concerning sheepmeat and goatmeat(2).

1. *Beef and veal*

The first proposal would simplify the provisions governing premiums by grouping them in a new section of the basic Regulation. Under this proposal, the amounts of the special premium for beef producers and the premiums for maintaining suckler cows would be gradually adjusted in 1993, 1994 and 1995, following the same timetable as that used for cereals prices. A new processing premium for male calves of dairy breeds would be introduced. The second proposal provides for an adjustment of the intervention price in three stages similar to that for cereals, while the third defines the types of promotional measures eligible for co-financing. These measures are intended to promote quality at all levels of marketing from the producer to the consumer.

2. *Sheepmeat and goatmeat*

The new arrangements in the two proposals entail principally an individual producer limit for premium purposes based on the number of ewes eligible and the phasing in over a three-year period beginning in 1992 of a reduction in the existing upper limit of ewes or goats eligible. The Member States would also set up a reserve by reducing the individual limit for each producer by 1%. The proposal also includes an amendment to simplify the definition of 'eligible ewe' and 'eligible she-goat' which has been pending since the Council adopted the 1989 market reform.

(*) The following text is extracted from the Bulletin of the European Communities, No 10 of 1991.

(1) See Supplement 5/91 of the Bulletin of the European Communities: "The development and future of the common agricultural policy".

(2) COM(91) 379 - OJ No C 303, 22.11.1991.

THE SITUATION OF THE MARKET (*)

Beef and veal

World beef and veal production grew by around 1.3 % in 1990, less than the rate of increase of above 2 % recorded during the 1980s.

In certain third countries demand for beef and veal fell and there was a sometimes spectacular increase in the consumption of other types of meat and in particular poultrymeat.

Import demand for beef and veal has continued to grow strongly, however, particularly in the south-east Asian countries (Japan, South Korea, etc.). In certain exporter countries, therefore (Oceania, Latin America), internal and export prices are sufficient to encourage the rebuilding of herds and sometimes expansion.

If meat consumption continues to be directed towards poultrymeat, a consequent deterioration of the world market for beef and veal can be expected in the long term.

Cattle rearing accounts for about 30 % of total farm production in the Community (meat: 13 %; milk: 17 %) and involves approximately one out of every two holdings. The number of cattle farmers fell on average by around 4 % per year during the 1980s and stood at approximately 2.4 million at the beginning of 1990. The number of cattle on each holding is 33.2 head, increasing at the rate of 3.5 % per year.

The Community accounts for some 15 % of world production of beef and veal and is the world's third largest producer behind the USA (20.5 %) and the USSR (16.5 %).

(*) Extract from "The agricultural situation in the Community. Report 1991."

Production of beef and veal

(1 000 t carcass weight)

	1989	1990	% change	1991	% change
USA	10 634	10 465	-1.6	10 585	+1.1
USSR	8 768	8 450	-3.6	8 400	-0.6
Argentina	2 692	2 810	+4.4	2 960	+5.3
Brazil	2 748	2 850	+3.7	3 000	+5.3
Australia	1 574	1 719	+9.2	1 657	-3.6
Japan	548	551	+0.5	560	+1.6
EUR 12	7 464	7 790	+4.4	8 350 ⁽¹⁾	—
World	52 100	52 800	+1.3	53 000	+0.4

(1) EUR 12 includes the new German *Länder*.

A cyclical upturn of Community beef and veal production took place in 1990 and 1991. During this period, the demand for beef and veal weakened significantly due to the joint effect of supplies of certain other meat at low prices and controversy surrounding bovine spongiform encephalopathy (BSE), commonly known as 'mad cow' disease.

Consequently market prices over the two years 1990 and 1991 fell sharply.

The following changes were accorded over two years, between summer 1989 and summer 1991:

Adult male bovine animals: -13 %;

Heifers: -17 %;

Cows: -25 %.

Community exports of beef and veal to third countries in 1990 were also adversely affected by the closing of markets due to the Gulf crisis and by the BSE problem.

The weakness of demand, with a fall in consumption of around 360 000 tonnes in 1990, combined with the recovery in supply resulted in intervention buying of the order of 800 000 tonnes during the 1990/91 marketing year. This was 4.5 times higher than withdrawals from the market during the previous marketing year and public stocks reached around 760 000 tonnes at the end of June 1991.

At the beginning of the 1991/92 marketing year, the thresholds for intervention measures were reduced by around 5 % and buying-in prices brought into line with the market prices obtaining in the various countries. The level of buying-in prices for market support is now 25 % lower than was the case five or six years ago.

On the basis, on the one hand, of the development of cattle numbers and, on the other, of general long-term trends on the beef and veal market, a cyclical downturn of beef and veal production from the present peak can be expected in the next six months.

Sheepmeat and goatmeat

In recent years, the Community has consolidated its position as the world's leading producer and consumer of sheepmeat. Community production now stands at 1.2 million tonnes, about 16 % of the world total from a flock of 100 million head, just 8 % of the total. World trade is dominated by New Zealand which exports up to 400 000 tonnes annually and Australia whose live exports reach approximately 7 million head. The Community and the Middle East are the principal importers. With the exception of the Community, wool production is often the more important element in sheep production worldwide as evidenced by flock size in both Australia (170 million) and the USSR (140 million). However, continuing difficulties on the world wool market and stocks, notably in Australia and New Zealand, may result in a decrease in sheep numbers in coming years.

Production of sheepmeat

(1 000 t)

	1989	1990	% change	1991 (estimate)	% change
EUR 12 ⁽¹⁾	1 128	1 191	+ 5.6	1 211	+ 1.7
Australia	585	666	+ 13.8	699	+ 5.0
New Zealand ⁽²⁾	612	534	- 12.7	570	+ 3.2

⁽¹⁾ Including the former GDR.

⁽²⁾ Year ending 30 September.

On the Community market production is forecast to rise by 1.7 % in 1991 to 1 211 000 tonnes due mainly to increases of 12 000 and 10 000 tonnes in Irish and UK production respectively. Sheep numbers are set to decline to 101 million head (-0.8 %) influenced mainly by decreases of 11 % in Germany and 2 % in the United Kingdom.

Irish and Danish sheep numbers are likely to increase by approximately 5 %. Consumption is set to rise by 1.4 % to 1 447 000 tonnes with Irish, Italian and Dutch consumption each increasing by 7 %. Against this background self-sufficiency is expected to rise to 84 % confirming the recent trend.

Intra-Community trade which has more than doubled since 1981 is expected to remain static at 210 000 tonnes in 1991 as further strong growth in Irish and Dutch exports to France is balanced by a reduction in UK exports, resulting from difficulties in overcoming clawback on exports in receipt of the variable slaughter premium. Market prices to date, in 1991, have been generally weak, particularly in the United Kingdom, against a background of increased production, poor wool and offal prices and the depressed state of the market for beef. The Community average price for 1991 is forecast, at ECU 265/100 kg, to be 12 % less than in 1990.

In 1991 imports into the Community should be slightly below the levels of 1990 reaching approximately 270 000 tonnes. Imports from New Zealand and Australia should reach 200 000 tonnes and 17 000 tonnes respectively but imports from Eastern Europe may decline to 25 000 tonnes. Community exports will reach approximately 7 000 tonnes.

The reform of the sheepmeat regime, agreed in September 1989 (Council Regulation (EEC) No 3013/89) took effect at the beginning of 1990 and will be completed, following a three-year transition period, at the end of 1992.

The main aim of this reform is to achieve a unified regime with a premium common throughout the Community and differentiated only in so far as ewes are kept for meat or milk production purposes. To this end, the variable slaughter premium in Great Britain will no longer apply from the beginning of 1992 and the regional structure of the old regime is being replaced, over a three-year period, by a single region with a Community average market price for standard quality lamb.

In addition to the internal reform, adaptations agreed by the Community and its trading partners under the voluntary restraint arrangements for the period up to the end of 1992 have the effect of reducing possible imports under these arrangements by approximately 45 000 tonnes and of reducing the levy on imports from 10 % to zero.

In 1990, the three mechanisms available for market support were each in use. The variable slaughter premium scheme, which was paid at a rate of ECU 62.4/100 kg, represented 25.1 % of the market price in Great Britain. Ewe premiums were set for all regions for 1990. Private storage, operated under a tendering procedure each month, attracted only 2 200 tonnes of lamb mainly in Spain, France and Great Britain. The level of the basic price was subject to a 7 % reduction under the stabilizer mechanism.

In 1991 to date, the first advance on the ewe premium was fixed in July and a second advance before the end of the year. Private storage tendering has been in use throughout the year and, so far, 1 900 tonnes of lamb has been aided under this mechanism.

The outlook for 1992 is for stability or even a slight drop in production of 0.6 % partly due to an expected decline in UK production at the start of the year resulting from the UK's decision to end the variable slaughter premium system at the end of 1991. Consumption may rise slightly by 0.7 %. Sheep numbers are forecast to remain at 101 million head. Intra-Community trade is likely to grow significantly due to the removal of clawback on UK exports. In the longer term production, consumption and sheep numbers are expected to stabilize as the effects of the lower prices, the stabilizer mechanism and further reforms continue to be felt throughout the sheepmeat sector.

Pigmeat

China continues to be the world's major pigmeat producer, the Community being the second. Community production in 1991 is forecast to be slightly down on the previous year due to a significant reduction in the former GDR. The expected continued rise in carcass weights should compensate to some degree for the substantial decline in slaughtering in the former GDR.

On the Community market, low producer prices at the end of 1990 necessitated the introduction of aids to private storage from 7 January 1991. Prices improved sufficiently to end the scheme on 22 February, with a total of 76 000 tonnes of produce having been contracted for.

Prices reached in excess of ECU 145/100 kg in the summer, a level which, coupled with low feed prices, resulted in reasonable profitability for the sector at the time, the pigfeed index running at 106 in June.

Mid-July witnessed the beginning of a fall in prices, which bottomed out at around ECU 132/100 kg at the beginning of August. From then, prices recovered to levels similar to those obtaining in early summer. This recovery was due to lower pig numbers at the time largely resulting from the decline in production in the former GDR, coupled with the effect of porcine respiratory and reproductive syndrome (PRRS) (a disease which hit the Community for the first time early in the year, the effects of which are manifested in piglet abortions) leading to a lower pig crop from mid-August.

Prices for the third quarter of the year fell slightly, but remained acceptable. Profitability for the year was satisfactory.

The first half of 1991 saw Community exports to Japan down on the equivalent period for the previous year, although those for the latter had been unusually high as a result of stockbuilding in Japan, a practice which did not occur in 1991.

World pigmeat production

(1 000 t)

Producer	1989	1990	% change	1991	% change
China	18 400	19 530	6.1	19 907	1.9
Eastern Europe	6 740	6 555	-2.7	7 187	9.6
Japan	1 647	1 606	-2.5	1 584	-1.4
USA	7 185	7 285	1.4	7 464	2.5
USSR	6 600	6 650	0.8	6 650	0.0
EUR 12 (1)	13 044	13 220	1.3	13 139	-0.6

Source: DG VI.

(1) Excluding former GDR.

The import into the Community of some pigmeat products from Hungary, Poland and Czechoslovakia under quota at 50 % reduced levy conditions within the context of the generalized scheme of preferences continued throughout 1991.

Poultrymeat

During the last six years, world production of poultrymeat has increased steadily at an average of 4.5 % each year. In the USA (25 % of world production), the rate of increase has been even higher (7 %). Poultrymeat is the meat which Americans now prefer and in the last four years per capita consumption has exceeded that of beef and veal. Production is increasing more slowly in the other main producer regions, with the exception of Brazil, and is falling in Eastern Europe.

Poultrymeat production

(1 000 t)

	1986	1987	1988	1989	1990	1991
USA	8 262	9 105	9 428	10 032	10 844	11 426
Brazil	1 680	1 865	1 997	2 139	2 400	2 643
Japan	1 421	1 465	1 471	1 482	1 467	1 455
USSR	2 988	3 126	3 184	3 300	3 350	3 480
Eastern Europ :	2 060	2 068	2 062	1 999	1 939	1 985
EUR 12	5 443	5 783	5 995	6 123	6 326	6 500

Sources: OECD; DG VI.

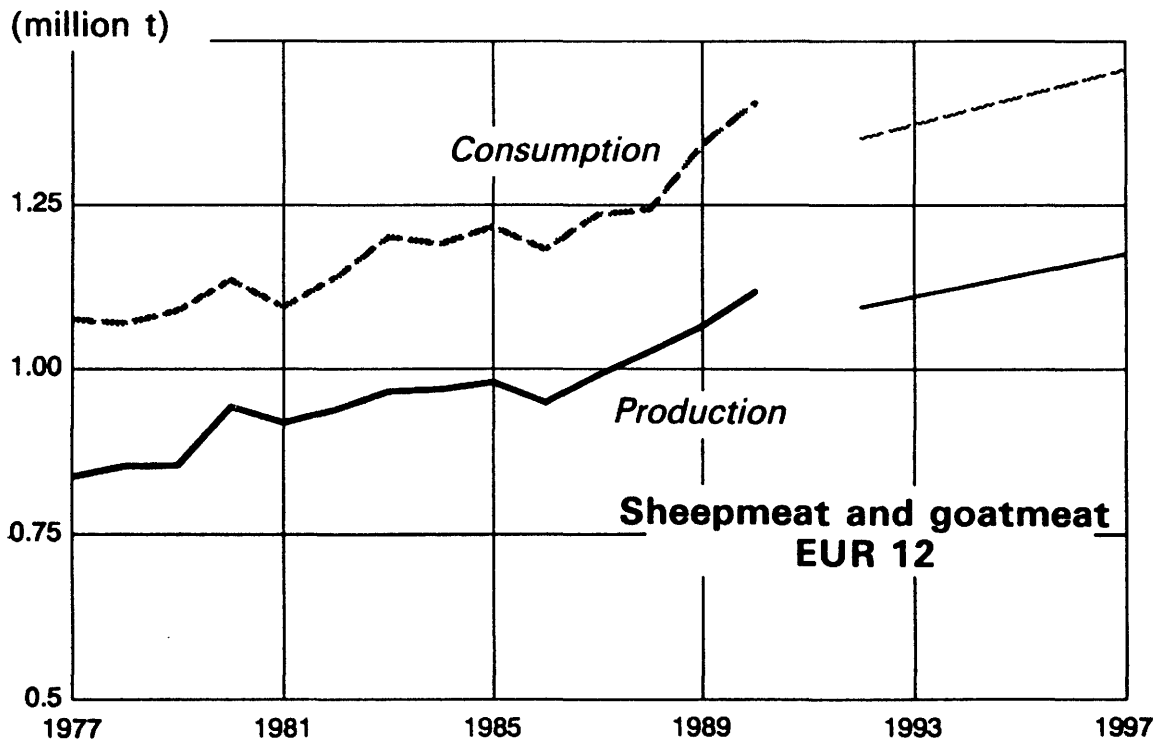
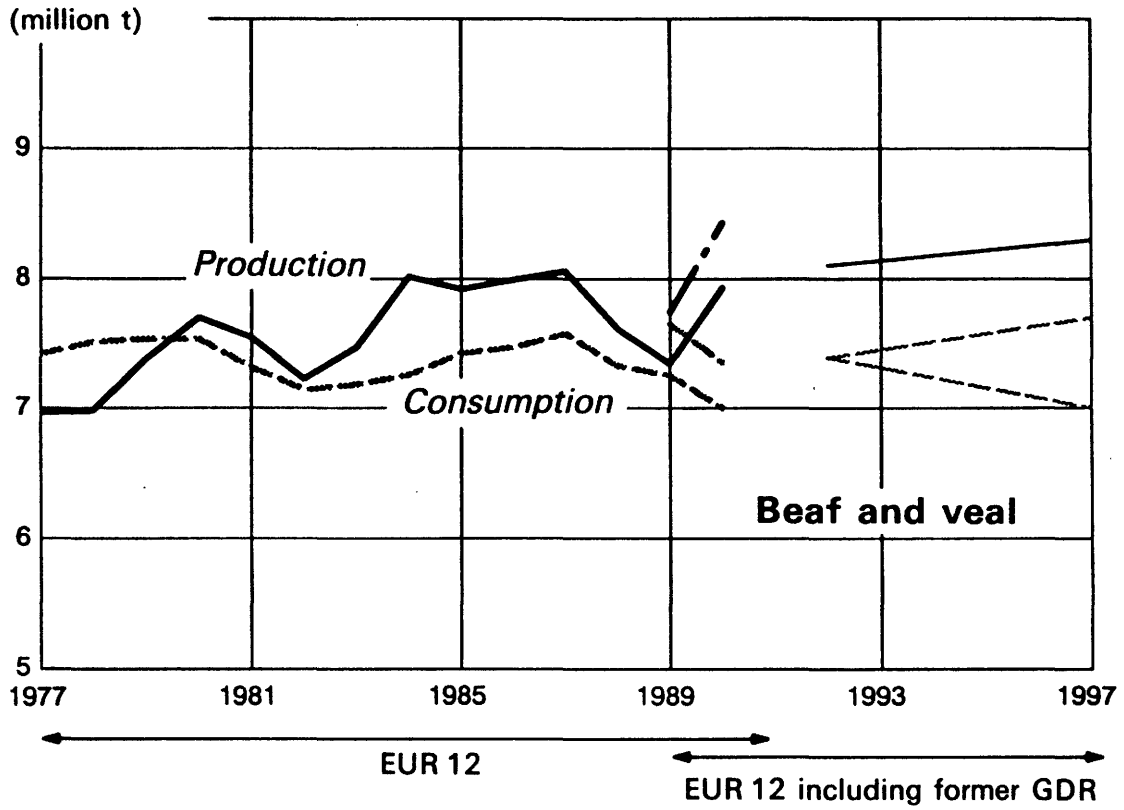
The world market expanded slightly in 1991, in particular as a result of growing demand from the Far East and the Soviet Union. These two regions now represent 55 % of world imports (1985: 38 %), whilst the importance of the Middle East market has declined from 40 to 21 % over the same period. This trend, accentuated since August 1990 by the Gulf crisis, has enabled the USA to further extend its lead as an exporter over the Community, Brazil and Hungary.

In 1991, on the Community market overall production of poultrymeat increased by 2.7 %. The chicken sector (which accounts for 70 % of total production) underwent some difficult months during the first half of the year, so that consequently stocks of frozen chickens still exist in several Member States. The situation in the turkey and duck sectors improved in relation to the previous year, as evinced by the high rates of introduction of turkey poults and ducklings.

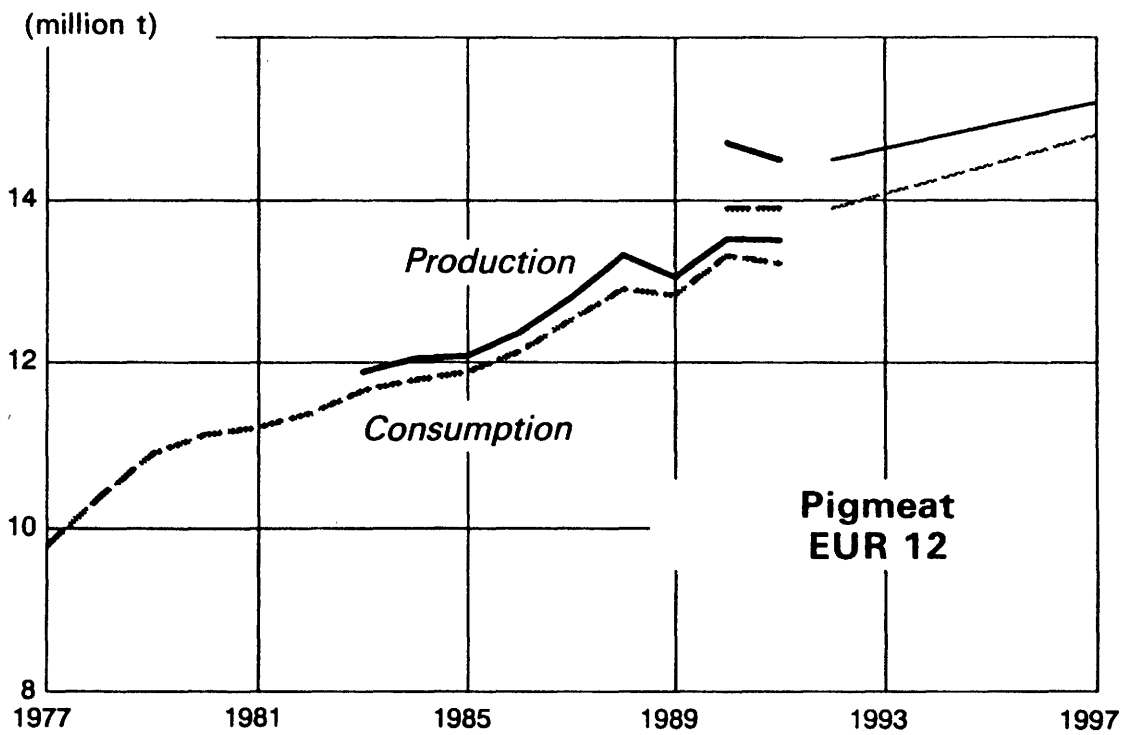
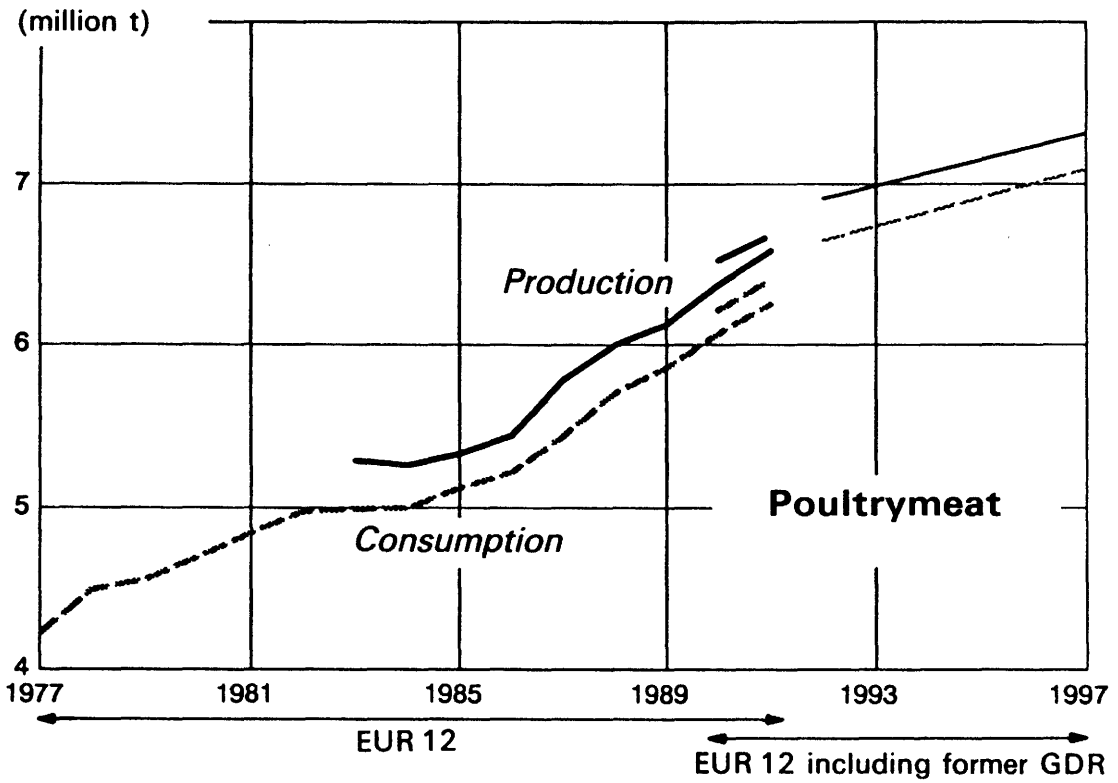
There is no internal market support for poultrymeat. The rules governing trade with non-member countries have been adapted to the world market situation and export refunds have been reduced, although they are still differentiated according to destination. In 1991 the concessions granted by the Community under the generalized system of preferences to ACP countries, developing countries, Hungary and Poland were extended to Czechoslovakia and Bulgaria. These concessions consist of a 50 % reduction in the levies on certain quantities of geese and duck.

Following the adoption by the Council in June 1990 of a regulation on marketing standards for poultrymeat, in June 1991 the Commission adopted the detailed implementing provisions. These standards have applied since 1 July 1991.

Meat



Meat



PRICE PROPOSALS - EXPLANATORY MEMORANDA (*)

BEEF AND VEAL

Community prices

It is proposed to maintain the guide price at the same level as in 1991/92, i.e. at ECU 200/100 kg liveweight. It is also proposed to maintain the intervention price at ECU 343/100 kg carcass weight for quality R3.

Public intervention

Whilst the Council reaches decisions on the reform it is proposed not to adapt the existing Council rules.

Premia

No change for the special beef premium is proposed, compared to its level in 1991/92, i.e. at ECU 40 per animal (with an unchanged maximum of 90 animals). As regards the suckler cow premium, the level should be fixed at the level existing in 1990/91 (exclusive of the once-off increase decided for 1991/92), i.e. ECU 40/cow (without headage limit); with the possibility of a national supplement subject to a maximum ECU 25/cow; and the associated provision for payment by EAGGF of the first ECU 20/cow of this national supplement in the case of Greece, Ireland, and the United Kingdom insofar as Northern Ireland is concerned.

The Commission remains concerned at the continuing difficulties in the beef sector as reflected by heavy intervention purchasing and low prices to producers. Accordingly, it expects early decisions by the Council in the reform context to redress current trends. The Commission will continue to monitor the situation closely and, in the absence of the necessary Council decisions on reform of the sector, reserves the right to bring forward proposals to deal with the situation in the event of a further deterioration in the market.

(*) Extract from "Commission proposals on the prices for agricultural products and on related measures 1992/93 - Explanatory memoranda [COM(92) 94 final - Vol. 1]

SHEEPMEAT AND GOATMEAT

Institutional prices for the 1992 marketing year were fixed in the 1991/92 price package.

As regards institutional prices for 1993 the Commission wishes to stress that within its proposals for the reform of the sector the application of the stabilizer mechanism is to be frozen at 7% (its 1990 level). This, together with the introduction of a limited producer guarantee for premium purposes and the reduction of 2% in the basic price fixed by the Council for the 1992 marketing year, should limit the development of production. The Commission therefore considers that its cautious institutional price policy should be continued. Under these circumstances it proposes to maintain the basic price unaltered for 1993. However, should the Council fail to adopt its reform proposals, the Commission reserves the right to make further proposals with respect to the 1993 institutional prices.

In the context of the reform of the sheep sector, which has operated since 1990, the opening of private storage measures is dependent on the level of the weekly seasonalized basic price. However, because of the importance of the variable slaughter premium in Great Britain, particularly in budgetary terms, the seasonal scale of the basic price has been influenced since then more by the requirements of the slaughter premium than by those of private storage. Since the variable slaughter premium no longer applies in Great Britain, it is now opportune to adjust the seasonal scale so as to improve its application insofar as private storage is concerned.

Sheepmeat production throughout the Community tends towards two seasonal peaks, the first in late winter and spring in southern parts and the second in mid-summer and autumn in northern parts of the Community. Peak production in the south in spring is relatively high cost as it is dependent on cereal feeding while peak production in the north is less so as it is generally grass based. In order to provide a reasonable measure of market support at peak production periods throughout the Community while at the same time taking some account of differing production costs, it is proposed to maintain the overall shape of the seasonal scale. Nevertheless, it is felt that the extent of the increase or decrease in the seasonalized price in comparison to the basic price itself should be reduced considerably from the levels associated with the variable slaughter premium in order to take into account the abovementioned differences in peak production throughout the Community. Therefore, it is proposed that the peak and

trough levels of the 1992 seasonalized basic price be reduced by 25%. Experience gained to date in the operation of the tendering system for aid to private storage would suggest that eligibility for tendering would not change significantly, consequent to such an alteration in the seasonal scale.

PIGMEAT

Basic price

The basic Regulation for pigmeat provides for the fixation of a basic price, the aim of which is to trigger market intervention measures (in practice, aids to private storage). Such measures may be initiated when the average market price in the Community falls below 103% of the basic price. The basic price is in force from 1 July to 30 June.

From 1 November 1984 to June 1990 the basic price for pig carcasses of standard quality stood at ECU 2 033.30 per tonne, and for the period July 1990 to June 1992 has been fixed at ECU 1 897.00 per tonne.

It is proposed to maintain this level for the marketing year 1992/93.

The definition of standard quality should remain at:

- a) carcass weighing 60 kg to less than 120 kg : grade U,
- b) carcass weighing 120 kg to 180 kg : grade R.

Price proposals in ECUs

Product and type of price or amount (Period of application)	1991/92 Decisions		Proposals 1992/93	
	Amounts ECU/T	% change	Amounts ECU/T	% change
2.4.92-31.3.93 Beef/veal				
- Guide price for adult bovine animals (1)	2 000	0	2 000	0
- Intervention price quality R 3 cat. A	3 430	0	3 430	0
- Intervention price quality R 3 cat. C	3 430	0	3 430	0
7.1.92-6.1.93 Sheepmeat				
- Basic price (carcase weight)	4 229,5	- 2	4 229,5	0
1.7.92-30.6.93 Pigmeat				
- Basic price (carcase weight)	1 897	0	1 897	0

	Spain			Portugal		
	Amounts in ECU/T		% change	Amounts in ECU/T		% change
	1991/92	1992/93		1991/92	1992/93	
Beef/veal 2.4.92-31.3.93						
- Guide price for adult bovine animals (1)	2 000	2 000	0	2 000	2 000	0
- Intervention price quality R 3 cat. A	3 430	3 430	0	3 430	3 430	0
- Intervention price quality R 3 cat. C	3 430	3 430	0	3 430	3 430	0
Sheepmeat 7.1.92-6.1.93						
- Basic price (carcase weight)	4 229,5	4 229,5	0	4 229,5	4 229,5	0
Pigmeat 1.7.92-30.6.93						
- Basic price (carcase weight)	1 897	1 897	0	1 897	1 897	0

(1) Price per tonne (liveweight).

STATISTICAL TABLES (*)

Cattle numbers (December of previous year)

	1 000 head			% of EUR 12	% TAV	
	»1987«	1990	1991	1991	$\frac{\text{»1989«}}{\text{»1987«}}$	$\frac{1991}{1990}$
1	2	3	4	5	6	7
EUR 12	80351	80204	79672	100,0	- 0,3	- 0,6
Belgique/België	2961	3049	3161	4,0	1,1	3,7
Danmark	2348	2232	2241	2,8	- 1,6	0,4
BR Deutschland	14950	14563	14587	18,3	- 0,8	0,2
Ellada	733	690	687	0,9	- 1,9	- 0,4
España	5018	5312	5001	6,3	0,7	- 5,8
France	21521	21394	21500	27,0	- 0,2	0,5
Ireland	5614	5899	6029	7,5	1,4	2,2
Italia	8887	8858	8235	10,3	- 0,9	- 7,0
Luxembourg	210	208	215	0,3	0,0	3,3
Nederland	4692	4731	4830	6,0	0,2	2,1
Portugal	13400	1335	1340	1,7	0,1	0,4
United Kingdom	12077	11933	11846	14,9	- 0,5	- 0,7

Source: Eurostat and EC Commission, Directorate-General for Agriculture.

(*) Extract from "The agricultural situation in the Community. 1991 report".

Supply balance — Beef/veal

EUR 12

	1 000 t ⁽³⁾			% TAV	
	» 1983 «	1989	1990	$\frac{\text{» 1989 «}}{\text{» 1983 «}}$	$\frac{1990}{1989}$
1	2	3	4	5	6
Gross internal production	:	7339	7700	×	4,9
Net production	7555	7464	7790	0,2	4,4
Changes in stocks	:	- 530	361	×	×
Imports ⁽¹⁾	:	405	399	×	- 1,5
Exports ⁽¹⁾	:	994	782	×	- 21,3
Intra-Community trade ⁽²⁾	:	1782	1821	×	2,2
Internal use (total)	7202	7405	7046	0,2	- 4,9
Gross consumption (kg/head/year)	22,5	22,7	21,5	- 0,0	- 5,3
Self-sufficiency (%)	:	99,1	109,3	×	10,3

Source: Eurostat and EC Commission, Directorate-General for Agriculture.

⁽¹⁾ Total trade, with the exception of live animals.

⁽²⁾ All trade, including live animals (figures based on imports).

⁽³⁾ Carcass weight.

Supply balance — sheepmeat and goatmeat

EUR 12

	1 000 t			% TAV	
	» 1987 «	1989	1990	$\frac{\text{» 1989 «}}{\text{» 1987 «}}$	$\frac{1990}{1989}$
1	2	3	4	5	6
Gross internal production	993	1081	1151	4,6	6,5
Imports — live animals ⁽¹⁾	23	25	28	6,9	11,2
Exports — live animals ⁽¹⁾	1	1	2	33,9	36,4
Intra-Community trade ⁽¹⁾	29	39	58	22,6	48,7
Net production	1007	1101	1175	4,8	6,7
Changes in stocks	:	:	:	×	×
Imports ⁽²⁾	230	233	259	1,9	11,1
Exports ⁽²⁾	5	6	7	9,5	4,8
Intra-Community trade ⁽³⁾	114	151	157	12,8	4,0
Internal use	1220	1320	1419	4,3	7,5
Gross consumption (kg/head/year)	3,8	4,1	4,3	3,9	4,9
Self-sufficiency (%)	81,4	81,9	81,1	0,4	- 1,0

Source: Eurostat and EC Commission, Directorate-General for Agriculture.

⁽¹⁾ Carcass weight.

⁽²⁾ Carcass weight — All trade with the exception of live animals.

⁽³⁾ All trade in carcass weight, with the exception of live animals (figures based on imports).

Sheep and goat numbers (preceding December)

	1 000 head			% of EUR 12	% TAV	
	»1987«	1989	1990	1990	»1989« »1987«	1990 1989
1	2	3	4	5	6	7
<i>Sheep</i>						
EUR 12	89005	96865	98007	100,0	4,3	1,2
Belgique/België	128	129	132	0,1	1,2	2,0
Danmark	65	86	100	0,1	15,2	16,3
BR Deutschland	1364	1464	1533	1,6	3,8	4,7
Ellada	10612	10376	10353	10,6	- 0,5	- 0,2
España	19267	23057	22730	23,2	9,1	- 1,4
France	12140	11495	11208	11,4	- 2,2	- 2,5
Ireland	3759	4991	5782	5,9	15,6	15,8
Italia	11400	11623	11569	11,8	0,7	- 0,5
Luxembourg	5	7	7	0,0	18,3	0,0
Nederland	1140	1405	1725	1,8	14,1	22,8
Portugal	3012	3187	3347	3,4	2,9	5,0
United Kingdom	26112	29045	29521	30,1	5,0	1,6
<i>Goats</i>						
EUR 12	12136	13764	13938	100,0	5,3	1,3
Belgique/België	7	8	8	0,1	6,1	0,0
Danmark	0	0	0	0,0	x	x
BR Deutschland	46	52	58	0,4	7,0	11,5
Ellada	6057	5970	5904	42,4	- 1,2	- 1,1
España	2934	4304	4451	31,9	18,6	3,4
France	996	1210	1226	8,8	7,3	1,3
Ireland	0	0	0	0,0	x	x
Italia	1192	1214	1246	8,9	1,3	2,6
Luxembourg	1	1	1	0,0	0,0	0,0
Nederland	45	63	72	0,5	18,2	14,3
Portugal	803	840	857	6,1	2,0	2,0
United Kingdom	55	101	114	0,8	31,4	12,9

Source: Eurostat.

Pig numbers (December of previous year)

	1 000 head			% of EUR 12	% TAV	
	»1987«	1990	1991	1991	$\frac{»1989«}{»1987«}$	$\frac{1991}{1990}$
1	2	3	4	5	6	7
EUR 12	102086	101949	100989	100,0	0,0	- 0,9
Belgique/België	5989	6480	6272	6,2	2,7	- 3,2
Danmark	9192	9120	9282	9,2	- 0,3	1,8
BR Deutschland	23480	22165	22035	21,8	- 1,9	- 0,6
Ellada	1165	1160	1143	1,1	- 0,1	- 1,5
España	16522	16850	15949	15,8	0,7	- 5,3
France	11895	12275	12219	12,1	1,1	- 0,5
Ireland	967	999	1069	1,1	1,1	7,0
Italia	9340	9254	9119	9,0	- 0,3	- 1,5
Luxembourg	74	71	70	0,1	- 1,6	- 1,4
Nederland	14036	13634	13788	13,7	- 1,0	1,1
Portugal	2392	2598	2664	2,6	2,8	2,5
United Kingdom	7832	7383	7379	7,3	- 1,9	- 0,1

Source: Eurostat.

Supply balance — pigmeat

EUR 12

	1 000 t ⁽¹⁾			% TAV	
	»1987«	1989	1990	$\frac{»1989«}{»1987«}$	$\frac{1990}{1989}$
1	2	3	4	5	6
Gross internal production	12869	13147	13434	1,1	2,2
Imports — Live animals	33,0	22,2	21,8	- 18,0	- 1,8
Exports — Live animals	1,0	6,2	8,8	153,3	41,9
Intra-Community trade	441	384	370	- 6,7	- 3,6
Net production	12837	13131	13421	1,1	2,2
Changes in stocks	10	- 5	- 9	x	80,0
Imports	84	82	78	- 1,0	- 4,9
Exports	440	428	580	- 1,3	35,5
Intra-Community trade	2101	2295	2548	4,5	11,0
Internal use	12510	12807	12932	1,2	1,0
Gross consumption in kg/head/year	38,7	39,3	39,5	0,8	0,5
Self-sufficiency (%)	102,6	102,5	103,8	0,0	1,3

Source: Eurostat.

(¹) Carcass weight.

Number of utility chicks of table strains hatched

	1 000 head				% TAV	
	»1987«	1988	1989	1990	»1989« »1987«	1990 1989
1	2	3	4	5	6	7
EUR 12	3054790	3175408	3156483	3359131	1,7	6,4
BLEU/UEBL	91869	97548	101590	110835*	5,2	9,1
Danmark	87458	89843	96542	99457	5,1	3,0
BR Deutschland	218993	226553	231076	237577	2,7	2,8
Ellada	68700	73684	77169	78011	6,0	1,1
España	498383	515301	521769	522127	2,3	0,1
France	658344	678359	688447	767882	2,3	11,5
Ireland	38326	40435	37197	44004*	- 1,5	18,3
Italia	373922	396308	406106	399571	4,2	- 1,6
Nederland	300876	307534	303358	319133	0,4	5,2
Portugal	118109	114294	104869	110558	- 5,8	5,4
United Kingdom	599815	635553	588957	669976	- 0,9	13,8

Source: Eurostat.

Supply balance — poultrymeat

EUR 12

	1 000 t (!)				% TAV	
	»1987«	1988	1989	1990	»1989« »1987«	1990 1989
1	2	3	4	5	6	7
Gross internal production	5784	5997	6123	6369	2,9	4,0
Imports — live birds	3	3	1	3	- 42,3	200,0
Exports — live birds	7	3	4	3	- 24,4	- 25,0
Intra-Community trade	83	83	93	105	5,9	12,9
Net production	5780	5997	6120	6369	2,9	4,1
Changes in stocks	41	- 6	- 65	15	×	×
Imports	81	100	114	135	18,6	18,4
Exports	367	399	445	425	10,1	- 4,5
Intra-Community trade	467	529	573	678	10,8	18,3
Internal use (total)	5452	5704	5855	6063	3,6	3,6
Human consumption (kg/head/year)	16,8	17,6	18,0	18,6	3,5	3,3
Self-sufficiency (%)	106,1	105,1	104,6	105,0	- 0,7	0,4

Source: Eurostat.

(!) Slaughter weight.

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