

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(89) 329 final

Brussels, 29 June 1989

Proposal for a
COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 1117/78 on the common organization
of the market in dried fodder

(presented by the Commission)

EXPLANATORY MEMORANDUM

Regulation (EEC) No 1117/78 on the common organization of the market in dried fodder provides that aid for sun-dried fodder is equal to the aid for artificially dried fodder less an amount fixed taking into account the difference in the cost of producing the two categories of products.

In Spain, where the guide price is lower than the common price and is gradually being aligned with it, the rule has led to a very low level of aid, and in some cases no aid at all, for sun-dried fodder, with the result that its competitiveness vis-à-vis artificially dried fodder is not assured.

As a result of this situation, the undertakings in question are being connected occasionally in difficult circumstances, to the production of artificially dried fodder.

In the first instance this is costly for the Community budget since the proportion of fodder qualifying for the higher level of aid is increasing. Secondly, it runs counter to the Community's environmental objectives recognized in the Single European Act, in particular the encouragement of renewable sources of energy.

This proposal contains provisions for increasing for the remainder of the transitional period, the aid applicable to sun-dried fodder produced in Spain by an amount equal to the residual difference between the guide prices.

It represents a budgetary saving of ECU 0.4 million for 1989 and ECU 1 million for 1990.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of Accession of Spain and Portugal, and in particular Article 89(1) thereof,

Having regard to the proposal from the Commission,

Whereas Article 120(2) of the Act of Accession sets out the procedure for adjusting the aid for dried fodder in Spain;

Whereas Council Regulation (EEC) No 1960/87⁽¹⁾ amends Council Regulation (EEC) No 1117/78⁽²⁾, as last amended by Regulation (EEC) No 3996/87⁽³⁾, by providing that the aid for fodder dried in other ways is equal to the aid for fodder dried artificially and by heating, less an amount fixed taking into consideration the difference in the cost of producing the products concerned; whereas the Commission fixed that amount at ECU 43/tonne in Regulation (EEC) No 2334/87⁽⁴⁾ amending Commission Regulation (EEC) No 1528/78 of 30 June 1978 laying down detailed rules for the application of the system of aid for dried fodder⁽⁵⁾, as last amended by Regulation (EEC) No 1963/88⁽⁶⁾;

(1) OJ No L 184, 3.7.1987, p. 6.

(2) OJ No L 142, 30.5.1978, p. 1.

(3) OJ No L 377, 31.12.1987, p. 35.

(4) OJ No 210, 1.8.1987, p. 63.

(5) OJ No L 179, 1.8.1978, p. 10.

(6) OJ No L 173, 5.7.1988, p. 9.

Whereas the application of Article 120 of the Act of Accession has resulted in the level of the guide price for dried fodder being lower in Spain than in the other Member States; whereas the deduction from this lower price of the amount fixed for the Community results in a level of aid for sun-dried fodder lower than that needed to ensure the competitiveness of that product vis-à-vis artificially dried fodder;

Whereas as a result of this situation Spanish operators have begun to transform their facilities, increasing considerably the production of artificially dried fodder and reducing that of fodder dried in other ways; whereas this trend is harmful to the Community budget in that it increases the proportion of products qualifying for the higher level of aid; whereas the trend is also contrary to Community policy on the use of renewable sources of energy; whereas a scheme should therefore be introduced which provides that during the transitional period the amount provided for in the second subparagraph of Article 5(2) of Regulation (EEC) No 1117/78 is reduced, in the case of dried fodder produced in Spain, by the difference between the guide price applicable to Spain and that applicable to the other Member States; whereas the said Regulation should be amended accordingly;

Whereas, in order to avoid any risk of disturbance on the market in dried fodder, the measure should apply with effect from the beginning of the marketing year,

HAS ADOPTED THIS REGULATION:

Article 1

The following subparagraph is added to Article 5(2) of Regulation (EEC) No 1117/78:

"In the case of dried fodder produced in Spain, the amount referred to in the second subparagraph shall be reduced, until 31 December 1992, by an amount equal to the difference between the guide price applicable to that Member State and that applicable to the other Member States".

Article 2

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

This Regulation shall be applicable from 1 May 1989.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

ANNEX

Assumptions:

(a) Quantity of sun-dried fodder:

- 100 000 t without the measure
- 150 000 t with the measure, the additional 50 000 t being deducted from the quantities dried artificially.

(b) Aid levels:

- Artificially dried: ECU 82/t in 1989/90 and ECU 86/t in 1990/91
- Sun-dried:
 - (1) Without the measure: ECU 39/t in 1989/90 and ECU 43/t in 1990/91
 - (2) With the measure: ECU 52/t for the two marketing years.

Calculations

(a) Expenditure in respect of the products in question:

(1) Without the measure:

1989/90: $(100\ 000\ t \times ECU\ 39/t) + (50\ 000\ t \times ECU\ 82/t) \times 1.193 = ECU\ 10\ million$
1990/91: $(100\ 000\ t \times ECU\ 43/t) + (50\ 000\ t \times ECU\ 86/t) \times 1.193 = ECU\ 10\ million$

(2) With the measure:

1989/90: $150\ 000\ t \times ECU\ 52/t \times 1.193 = ECU\ 9\ million$
1990/91: $150\ 000\ t \times ECU\ 52/t \times 1.193 = ECU\ 9\ million$

(b) Implications of measure

For each of the two marketing years in question there will be a saving of ECU 1 million.

For the 1989 budget year the saving will be only $ECU\ 1\ million \times 0.35 = 0.4\ million$.

For 1990 the saving will be ECU 1 million.

FINANCIAL STATEMENT

VI/772/89

(POLE/EN/1022)

DATE: 27 April 1989

1. BUDGET HEADING: 131 Production aid for dried fodder

APPROPRIATIONS: ECU 706 million

2. TITLE: Council Regulation amending Regulation (EEC) No 1117/78 on the common organization of the market in dried fodder

3. LEGAL BASIS: Article 89(1) of the Act of Accession of Spain and Portugal

4. AIMS OF PROJECT: To make sun-dried fodder competitive with artificially dried fodder in Spain

5. FINANCIAL IMPLICATIONS	Period of 12 months 19	Current Financial Year 1989	Following Financial Year 1990
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET	ECU 1 million	ECU 0.4 million	ECU 1 million
- (REFUNDS/INTERVENTION)			
- NATIONAL ADMINISTRATION			
- OTHER			
5.1 REVENUE			
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
- NATIONAL			

5.0.1 ESTIMATED EXPENDITURE

5.1.1 ESTIMATED REVENUE

5.2 METHOD OF CALCULATION:

See Annex

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?
YES/NO

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?
YES/NO

6.2 IS A SUPPLEMENTARY BUDGET NECESSARY?
YES/NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?
YES/NO

OBSERVATIONS:

Commission of the European Communities

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