

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 18.11.1994

MEMORANDUM

on the forecast for frozen meat for processing and
live animals for fattening

Proposal for a COUNCIL ESTIMATE

concerning young male bovine animals weighing 300 kilograms
or less and intended for fattening for the period
1 January to 30 June 1995

Proposal for a COUNCIL ESTIMATE

concerning beef and veal intended for the processing industry
for the period 1 January to 30 June 1995

(presented by the Commission)

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M E M O R A N D U M
ON
THE FORECAST FOR FROZEN MEAT FOR PROCESSING
AND LIVE ANIMALS FOR FATTENING

In accordance with the commitments made by the EC within the framework of the Multilateral Trade Negotiations, the Commission has held consultations with Australia, New Zealand, Slovenia, Hungary, Slovakia, Poland, Romania, Bulgaria, the Czech Republic, Argentina and Uruguay on their forecast for their export potential of frozen beef for processing and live animals.

Summary of each country's presentation

Australia :

The Australian representative reported that her authorities were in favour of a full conversion of processing beef into high quality grade. She renewed the Australian demand for a permanent conversion into High Quality beef which otherwise could be considered as a reduction in market access and voiced concern toward the total share in the EU market of East European exports of meat for processing.

New Zealand

The New Zealand spokesperson stressed the importance of implementing rapidly Council's decision in the first half of 1995 since a GATT tariff quota will supercede the existing arrangement as from July 1995.

She also reserved her country's rights to further comment on the presentation given by the Commission Services.

Romania

Romania's authorities expressed the same concern as New Zealand with respect to the need for a timely implementation of Council's Decision but was not in the position to state whether their country will export any meat for processing to the EU in the first 6 months of 1995. Furthermore the Romanian representative indicated that the situation in the animal breeding sector is improving, therefore it is hoped that live animal exports into the EU will increase.

Czech Republic :

The Czech authorities explained that a sectorial restructuring has entailed a significant reduction of the Republic's herds, expected to continue till 1996. Their country forecasts export totals to the EU of 500 tonnes of frozen meat for processing and 8 to 10.000 calves (max. weight 80 kg).

Hungary :

This country requested the creation of a sub-quota in the framework of the balance sheet (first 6 months in 1995) for 25.000 heads of young calves.

Slovenia :

The Slovenian authorities explained that due to new economic priorities and the ensuing structural changes, their country will not be in the position to export meat for processing to the E.U. but could export some live animals.

Poland :

This country expressed a strong interest in exporting more young live animals. It regretted that the EU has the intention to maintain an import ceiling (safeguard measures) in spite of an improved beef market and the stabilisation of the E.U.'s herd. Poland also explained her difficulties in working with a quarterly system (because most young bovines are ready to be exported early in the year).

Slovakia :

The Slovakian authorities indicated that internal consumption of meat is higher than production therefore this country is more likely to import than export meat.

Argentina :

The Argentinian representatives, after having stressed that situation in the beef sector in their country is not good, argued that the fixing of the full balance sheet for meat for processing without any conversion to high quality meat will worsen this sector's situation. Furthermore it was stressed that exports of meat for processing are more vulnerable to competition from Eastern European countries.

Uruguay :

The Uruguayan representative stated that his country expects to export 2.000 to 4.000 tonnes of meat for processing to the E.U. in 1995. He conveyed the same concern as Argentina with respect to East European exports.

Bulgaria:

Has given some statistics on the number of animals for 1994, but no provisions were available for imports and exports of meat or live animals for 1995.

EXPLANATORY MEMORANDUM

Within the framework of the Uruguay Round, the two estimates provided for in Articles 13 and 14 of Regulation (EEC) No 805/68 are to be replaced by tariff quotas with effect from 1 July 1995. Consequently, these two estimates need be fixed only for the first half of 1995.

In accordance with the bilateral agreements between the Community and certain supplier countries introducing arrangements for cooperation in the preparation of the two estimates, consultations have been held with the non-member countries in question.

The first draft estimate proposes that the number of young male bovine animals that may be imported for fattening be fixed at 99 000 head, taking account of the foreseeable shortfall for this type of animals and the Community's interest in maintaining harmonious relationships with the non-member supplier countries.

In the case of frozen beef for processing, the draft estimate proposes that the quantity of imports be fixed at 25 000 tonnes on the basis of the calculated Community supplies and the requirements of the beef processing industry.

Proposal for a Council estimate

**concerning young male bovine animals weighing
300 kilograms or less and intended for fattening for the period
1 January to 30 June 1995**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 805/68 of 27 June 1968 on the common organization of the market in beef and veal¹, as last amended by Regulation (EEC) No 1884/94², and in particular Article 13(2) thereof,

Having regard to the proposal from the Commission,

HAS ADOPTED THIS ESTIMATE:

Introduction

Article 13(2) of Regulation (EEC) No 805/68 provides that each year, before 1 December, the Council must draw up an estimate of the young male bovine animals which may be imported under the arrangements laid down in that Article. This estimate must take account both of the forecast supplies of young bovine animals intended for fattening within the Community and of Community livestock farmers' requirements.

In order to establish the volume of imports under this estimate, in accordance with the Community's undertakings within the framework of the General Agreement on Tariffs and Trade (GATT), consultations are held between the Commission and representatives of some non-member countries before the annual draft estimate is put forward. The Commission proposed consultations with representatives of the following non-member countries: Hungary, Poland, the Czech Republic, the Slovak Republic, Romania, Bulgaria and the Republic of Slovenia.

These consultations included an exchange of views on the beef and veal market as a whole, the production and consumption prospects within the Community and the scope for exports of young male bovine animals by the non-member countries.

(1) OJ No L 148, 28.6.1968, p.24.

(2) OJ No L 197, 30.7.1994, p. 27.

This estimate relates only to the period 1 January to 30 June 1995, since this type of estimate is to be replaced by a tariff quota within the framework of the Uruguay Round from 1 July 1995. It has been prepared in the light of information available to the Commission and on the basis of the foreseeable trend for 1995 of supplies of and requirements for young male bovine animals intended for fattening in the Community. The Commission will continue to apply appropriate management measures if forecasts suggest that imports of young bovine animals into the Community could exceed the traditional 425 000 head per year and that such imports of beef could threaten seriously to disturb the Community market.

It should be noted that this estimate is likely to be supplemented in the event of an enlargement of the European Union on 1 January 1995.

I. Assessment of Community supplies for 1994

In view of the number of breeding females (cows and heifers) anticipated for 1995 (about 36 000 000), some 28 300 000 births of calves are expected during that year. Production over the year of male calves would therefore be about 14 150 000 head.

II. Estimated Community requirements for 1995

1. On the basis of data collected from the Member States, the number of slaughterings of male calves envisaged for 1995 should be about 4 000 000 head.
2. The number of male animals intended for slaughter (steers, fattened young bulls or bulls for breeding) should be about 10 250 000 head.
3. In the light of information provided by the Member States and of the above, it is expected that in 1995 the requirements of Community livestock farmers as regards young male bovine animals for fattening will be 10 250 000 head.
4. From the considerations set out in 1. and 3. it follows that the Community's overall requirements for male calves will be 14 250 000 head in 1995.

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CONCLUSION

In view of the above estimates and the tariff quota to be applied from 1 July 1995, a slight Community shortfall of around 50 000 head may be expected during the period 1 January to 30 June 1995.

However, in order to maintain harmonious trade relations with the non-member countries concerned, as in previous years, the number of young male bovine animals which may be imported under the estimated supply balance for the period in question should be fixed on the basis of an annual reference level of 198 000 head, taking account of the traditional level of imports of young bovine animals which the Commission envisages for 1995. The estimate for the first half of 1995 will therefore be fixed at 99 000 head.

Proposal for a Council estimate

**concerning beef and veal intended for the
processing industry for the period 1 January to 30 June 1995**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

**Having regard to Council Regulation (EEC) No 805/68 of 27 June 1968 on the
common organization of the market in beef and veal¹, as last amended by
Regulation (EEC) No 1884/94², and in particular Article 14(2) thereof,**

Having regard to the proposal from the Commission,

HAS ADOPTED THIS ESTIMATE:

Introduction

Article 14(2) of Regulation (EEC) No 805/68 provides that each year, before 1 December, the Council must draw up an estimate of meat which may be imported under the arrangements laid down in that Article. This estimate must take account both of the forecast Community supplies of meat of a quality and type of cut suitable for industrial use and of industrial need. The estimate is to mention separately the quantities:

- (a) intended for the manufacture of preserves which do not contain characteristic components other than beef and jelly;
- (b) intended for the processing industry for the manufacture of products other than the preserves referred to at (a).

1 OJ No L 148, 28.6.1968, p.24.

2 OJ No L 197, 30.7.1994, p. 27.

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The annual presentation of the draft estimate is preceded by consultations between the Commission and certain non-member countries. The purpose of these meetings is to review the overall situation of the beef market in the Community and the non-member countries, as well as current forecasts of production and consumption so that a joint analysis can be made of the factors which could contribute towards drawing up estimates of Community requirements for frozen beef for processing and so that information concerning the potential export market can be exchanged.

The Commission has consulted representatives of Argentina, Uruguay, Australia, New Zealand, Hungary, Poland and Romania.

This estimate concerns only the period 1 January to 30 June 1995, since this type of estimate is to be replaced by a tariff quota within the framework of the Uruguay Round from 1 July 1995.

It should be noted that this estimate is likely to be supplemented in the event of an enlargement of the European Union on 1 January 1995.

I. Supplies of meat for processing

According to information supplied to the Commission by the Member States, Community supplies of home-produced fresh meat for processing for 1995 can be estimated at 1 230 000 tonnes of bone-in meat.

At the end of 1994 the Community will hold a public stock of meat as a result of intervention buying. The quantity of this meat suitable for processing can be estimated at 100 000 tonnes of bone-in meat.

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With effect from 1 January 1995 the Community intends to open a tariff quota for 53 000 tonnes of boned frozen meat, which corresponds to 68 900 tonnes of bone-in meat.

Past experience indicates that, under this quota, 13 000 tonnes of frozen bone-in meat will be imported for processing in 1995.

In 1995 the quantity of meat originating in the ACP States which satisfies the requirements for processing may be estimated at 7 000 tonnes of bone-in meat.

For 1995 the total available supplies intended for processing will thus be as follows:

	(tonnes)
- fresh meat:	1 230 000
- frozen meat bought into intervention	100 000
- frozen meat imported under GATT quota:	13 000
- frozen meat imported under ACP Convention arrangements:	7 000
TOTAL	1 350 000

II. Industrial demand for meat for processing

According to information supplied to the Commission by the Member States, Community demand for meat for processing in 1995 can be estimated at 1 400 000 tonnes of bone-in meat.

This figure includes the quantity required for the preparation of preserved foods as referred to in Article 14(1)(a) of Regulation (EEC) No 805/68. This latter quantity is estimated at 210 000 tonnes.

CONCLUSION

It emerges from the foregoing that requirements can only partially be met from Community supplies of such meat.

The foreseeable Community shortfall for 1995 of beef for processing will therefore be about 50 000 tonnes. Accordingly, the deficit for the first half of 1995 corresponds to 25 000 tonnes.

It has been decided, in accordance with Article 14(1) of Regulation (EEC) No 805/68, that this quantity should be divided so that:

- 12 500 tonnes of meat for the manufacture of preserves which do not contain characteristic components other than beef and jelly are eligible for total suspension of the levy;
- 12 500 tonnes of meat intended for the processing industry for the manufacture of products other than the preserves referred to in the first indent are eligible for partial suspension of the levy.

Done at Brussels,

For the Council

FINANCIAL STATEMENT

Date:

1. BUDGET HEADING: Article 120 (customs duties)
Item 1000 (agricultural levies)
Article 210 (refunds)

APPROPRIATIONS: ECU 13 712 million
ECU 861 million
ECU 1 452 million

2. TITLE: Proposal for an estimate concerning young male bovines weighing up to 300 kg and intended for fattening for the period 1 January to 30 June 1995

3. LEGAL BASIS: Article 13 of Regulation (EEC) No 805/68

4. AIMS OF PROJECT:

To set the Community's import requirements of young male bovines intended for fattening at 99 000 head for the first half of 1995

5. FINANCIAL IMPLICATIONS

PERIOD OF 6 MONTHS

CURRENT FINANCIAL
YEAR
(1995)

FOLLOWING FINANCIAL
YEAR
(1996)

5.0. EXPENDITURE

- CHARGED TO THE EC BUDGET
(REFUNDS)
- XXXXXXXXXXXXXXXXXXXXXXXXX
- XXXXX

+ ECU 52 million

+ ECU 52 million

0

5.1. REVENUE

- OWN RESOURCES OF THE EC
(LEVIES/CUSTOMS DUTIES)
- XXXXXXXX

+ ECU 15.6 million

+ ECU 15.6 million

0

1997

1998

1999

2000

5.0.1. ESTIMATED EXPENDITURE

Measure restricted to 1995

5.1.1. ESTIMATED REVENUE

5.2. METHOD OF CALCULATION: Given the surplus in the sector, these imports would not take place without that concession.

Levy: 85 000 head x 230 kg x ECU 1 450/t x 25% x 1.207 (DR) = + ECU 8.6 million (B)
14 000 head x 230 kg x ECU 1 450/t x 35% x 1.207 (DR) = + ECU 2 million (B)
+ ECU 10.6 million (B)

Customs duties: 22 700 t (live) x 0.55 x ECU 2 500/t (dead) x 16% = + ECU 5.0 million (B)

Refund: An equivalent quantity should be exported:

99 000 head x 300 kg (net slaughter weight) x ECU 1 450/t x 1.207 (DR) = + ECU 52 million (B)

6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?

yes

6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?

xxxxxx

6.2. IS A SUPPLEMENTARY BUDGET NECESSARY?

xxxxxx

6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?

xxxxxx

COMMENTS:

The 1995 APB takes account of this measure.

DOCUMENTS

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