

COMMISSION OF THE EUROPEAN COMMUNITIES

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94/0329 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

94/0329 (CNS)

amending Council Regulation (EEC) No 3013/89
on the common organization of the market
in sheepmeat and goatmeat

Proposal for a

COUNCIL REGULATION (EC)

amending Regulation (EEC) No 3901/89 defining lambs
fattened as heavy carcasses

(presented by the Commission)

EXPLANATORY MEMORANDUM

Introduction

The Council, in agreeing the 1994/95 price package, invited the Commission to examine, with a view to making them applicable from 1995, measures appropriate to :

- Italian and Greek problems linked to the establishment of premium rights due to the base year for premium rights being a transition year for them,
- the definition of the producer, in order to simplify the management of the premium regime for producer groups without undermining obligations on transfers without the transfer of the holding, in so far as the siphon is concerned, and
- a simplified control system for the rules governing the fattening of certain light lambs into heavy carcasses in certain areas of Portugal and Spain.

1. Italian and Greek problems linked to the introduction of premium quota rights.

The 1989 reform of the sheep sector provided for the unification of the premium regime through the gradual elimination of regionally based premia. This gradual elimination was foreseen for the period 1990 to 1992.

Prior to 1990, for the then Region 1 (Italy and Greece), although provision was made for the calculation of a regional premium, the level of the market price ensured that no premium was, in fact, payable. However, the premium payable in Region 2 (France) was payable, in a forfaitaire manner, on ewes in Region 1, on condition that producers could show to the satisfaction of the competent authority that the lambs born of these ewes would not be slaughtered before two months of age. This premium was also payable on female goats in Italy and Greece at the reduced rate of 70% under the same condition.

The provision introduced by the 1989 reform allowed Italy and Greece (now Region 3), to receive the premium calculated for the new region 2 (North of the Community except Great Britain) in 1990, under the same forfaitaire condition as before.

However, although they provided for Italy and Greece to join the rest of the Community, except Great Britain, for regional premium calculation purposes from 1991 onwards, they also allowed both Italy and Greece to opt for the 1990 system for premium calculation both in 1991 and 1992.

Italy, however, opted to join the other Member States for premium calculation and payment purposes from 1991 onwards, while Greece followed this option in 1992. This meant that, for Italy, from 1991 a premium differentiated only between meat and milk producing ewes was payable on all eligible ewes and at a reduced rate on all eligible goats. For Greece this situation took effect in 1992.

Italy contends that, as it was the first year in which all ewes and female goats were both eligible for and certain to be in receipt of a premium, 1991 should be considered a transitional year. As both the administration and certain producers were applying new regulations for the first time, a considerable number of producers were either not in a position to apply or did not apply for premium.

Greece also contends that 1991 was not a normal year and indeed that it did not make the transition to the common premium system until 1992.

The extent to which producers with ewes entitled to premium in Italy and in Greece in 1991 were not paid premium, has been investigated by the Commission. This investigation has been on the basis in particular of a comparison at regional level of claims paid in 1991 and 1992.

The result of these investigations can be summarized as follows :

In Italy the change in the regime took place at the same time as a change in the timing of the application period for the premium. Because of this producers were obliged to make two applications for premium between January and March 1991, the first referring to the 1990 campaign (old regime) and the second to 1991 (new regime). This introduced an element of confusion among some producers and among administrations in certain regions and resulted in the non presentation of some applications in respect of 1991. The main regions concerned are Campania Molise and Calabria⁽¹⁾ and in total up to 140,000 Rights were lost for this reason.

In addition, the competent authorities in Sardinia made a serious error in their interpretation of the new Community regulations and in fact applied a "rule" that premium applications are systematically reduced in size in most cases by 20%. This "rule" which does not form part of the Community legislation was deleted in 1992 and , as a result, the number of premia paid in 1992 to each producer on average rose by 15%. However, its application in 1991 led to a loss of up to 460,000 rights in Sardinia.

In Greece in respect of 1991, although the new regime was not yet applicable, premium payments should have been representative of animals eligible for premium under the new regime. In fact, in addition to applications for the region 2 (Northern Europe) premium, the possibility for applications for premium for other ewes (autonomous premium) was added in April 1991 due to the development of the market price in Greece at that time. However, very few producers made this complementary application (9 000 applicants for 106,000 animals) in comparison to producers for the region 2 premium (153,000 applicants for 10,267,000 animals).

(1) In Campania, in 1992, premium applications increased by 60% in comparison to 1991.

The reasons for the poor uptake of the second applications were as follows :

- Producers practicing transhumance (12% of producers) had already left their own holdings in April 1991.
- The complementary application for the autonomous premium generally involved a small percentage of animals eligible for premium (estimated at about 10%) and a low premium level of about 2 ECU per head⁽²⁾. However, it did double the retention period for flocks from 100 to 200 days and led many producers not to apply for the autonomous premium.
- Administrative authorities in certain areas ("nomos") refused to take the necessary steps for the issue of applications for the autonomous premium.

It is difficult to estimate the additional number of premium applications which would have been made had the negative factors outlined above not come into play. However, observation of the difference in animals numbers paid premium between 1991 and 1992 (600,000 head) provides a reasonable indication given that the census figures supplied to the Commission remained virtually unchanged between 1991 and 1992.

As a result of the investigations the Commission now proposes that a special maximum amount of 600,000 rights for Italy and 600,000 rights for Greece be created to enable these Member States distribute new rights to producers entrapped by the coincidence of the change in the arrangements for premium eligibility and the introduction of the premium rights regime based on premia granted to individual producers.

In this context, the Commission proposes that the identification of the new rights created should be made before the end of the 1995 marketing year and that, subject to verification by the Commission services of the procedures involved, particularly in the main regions concerned, the actual number of new rights created which could be lower than the special amounts mentioned above, be subsequently added to the national reserve of the two Member States concerned.

This measure requires the amendment of Article 5(c) 1 of Regulation (EEC) No 3013/89.

(2) Increased in LFAs by 2.8 to 4 ECU per head in LFAs due to the rural world premium.

2. Definition of the producer

In the sheepmeat and goatmeat sector both the producer and the producer group are defined.

The producer may be a natural or legal person, a definition rather more restrictive than in the beef sector where, in addition, a producer may be a group whatever its internal composition.

A producer group in the sheepmeat and goatmeat sector is any form of group, association or cooperation involving reciprocal rights and obligations between producers.

Producer groups as such never attract premium rights.

Producer group applications for premium must be accompanied by a breakdown of the number of premia applied for by each member and must be signed by each member. Where sanctions are applied, all members are subject to them.

Transfers of premium rights between members of a producer group are subject to the siphon on transfers in the normal way.

This requirement to apply the siphon is seen as harsh by the United Kingdom, particularly when such transfers occur within family partnerships. The adjustment of rights between producers in these and similar partnerships is seen as the normal progression of a business. It does not entail the removal of rights from the group but rather their transfer within it.

Other Member States have overcome this problem by providing for within family type transfers to be accommodated via an automatic mechanism within the national reserve.

However, in order to avoid recourse to this type of mechanism and to broaden the possibility of allowing transfers between producers within producer groups, without the automatic triggering of the siphoning mechanism, it will be necessary to decide on a set of conditions to apply to such transfers within producer groups. These conditions, which should be determined via the Management Committee, should include a time scale for membership of the group together with provision for supplementary national measures to protect the siphon.

In proposing these conditions, the Commission will be mindful of its responsibility to protect the siphon on transfers which is the prime means of feeding the national reserve.

This measure requires the amendment of Article 5a(4b) of Regulation (EEC) No 3013/89.

3. Simplified control for the fattening of certain breeds of lambs as heavy carcasses in certain areas of Spain and Portugal

Council Regulation (EEC) No 3901/89 establishes the definition of lambs from milk producing ewes, fattened into heavy carcasses.

Producers, more than 40% of whose lambs are fattened into heavy carcasses, may be granted the premium for ewes producing heavy lambs on the ewes concerned, although these ewes are kept primarily for milk rather than meat production.

This regulation also derogates from the definition in so far as the weaning of lambs is concerned in respect of certain breeds of sheep more orientated towards meat production in geographically limited parts of Spain and Portugal, where it is common practice to raise lambs with their ewes and after weaning of the lambs to milk the ewes for a limited period for the purpose of cheese production.

Experience of the operation of the fattening of these lambs now shows that the administrative requirements in relation to the control of their fattening, outweigh the benefits accruing for the receipt of the extra amount of premium. In practice, these lambs are normally slaughtered at a carcass weight of 18-20 kg, which is considerably greater than the liveweight requirement of 25 kg at the end of the fattening period.

Against this background, the Commission proposes that the derogation already in place with regard to these sheep, should be extended to cover the other elements required by the Council Regulation.

Subsequent to the Council adopting this measure, the Commission, via the Management Committee, will propose the modification of Commission Regulation (EEC) No 2814/90, laying down the detailed rules for the definition of lambs fattened as heavy carcasses in order to ensure adequate control is emplaced to ensure the correct application of the measure.

4. Financial implications

The financial implications arising from the granting of extra premium rights in Italy and Greece, are forecast at 29 MECU per marketing year, but at 4 MECU in 1995 and 29 MECU in 1996 and subsequent years.

The measures relating to the definition of the producer and the fattening of lambs into heavy carcasses, do not entrain any extra expenditure on the sector.

Small and medium enterprises. No implications.

Only the Union has power to act as regards the measures proposed. These proposals modify two existing regulations.

Proposal for a
COUNCIL REGULATION (EC) No

amending Council Regulation (EEC) No 3013/89 94/0329 (CNS)
on the common organization of the market
in sheepmeat and goatmeat

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Having regard to the opinion of the Economic and Social Committee⁽³⁾,

Whereas by Regulation (EEC) No 2069/92 of 30 June 1992⁽⁴⁾ amending Regulation (EEC) No 3013/89⁽⁵⁾, the Council imposed, with effect from the 1993 marketing year, an individual limit per producer in respect of the grant of the ewe and goat premiums;

Whereas the grant of an individual limit per producer for obtaining the right to the premium has given rise to administrative difficulties in the case of certain groups of producers, in particular family groups, during the transfer of premium rights between members of the said groups; whereas, therefore, for reasons of correct administration, provision should be made for certain groups to be exempted, under certain conditions, from payment to the national reserve of the percentage of rights provided for in the case of a transfer of rights without transfer of holding; whereas that provision must not lead to an increase in individual rights currently allocated in each Member State, nor give rise to the formation of new producer groups created with the sole aim of avoiding payment to the national reserve of the percentage of rights provided for in the case of a transfer of rights without transfer of holding;

(1) OJ No L

(2) OJ No L

(3) OJ No L

(4) OJ No L 215, 30.7.1992, p. 59.

(5) OJ No L 289, 7.10.1989, p. 1. Regulation last amended by Regulation (EEC) No 1886/94 (OJ No L 197, 30.7.1994, p. 30).

Whereas the individual limit was established on the basis of the total amount of premiums granted for the 1991 marketing year for each producer; whereas in Italy and in Greece, because that marketing year was a year of transition between two different premium systems, a number of producers were not able to submit an application for a premium for the 1991 marketing year for the number of eligible animals they held; whereas, in order to remedy this situation, special reserves should be created for Italy and for Greece corresponding to the estimated maximum number of rights which the producers concerned were unable to claim; whereas the competent authorities of those two Member States should initially be allowed to grant new rights up to the limit of the special reserve referred to above and then, subject to verification by the Commission of the correct allocation of the rights granted, in particular in the regions most affected, the national reserves will be increased for Italy and Greece by the sum of the rights newly granted with effect from the 1995 marketing year;

Whereas it is therefore necessary to amend Regulation (EEC) No 3013/89,

HAS ADOPTED THIS REGULATION:

Article 1

1. In Article 5a(4)(b) of Regulation (EEC) No 3013/89, the following subparagraph is hereby added:

"However, with effect from the 1995 marketing year the previous paragraph shall not apply to groups of producers, in the case of a transfer of rights between members, meeting conditions to be determined by the Commission in accordance with the procedure provided for in Article 30."

2. In Article 5b(1), the following subparagraphs are hereby added:

"In addition, for Italy and Greece a special reserve of 600,000 rights for each of those two Member States shall be established to permit the granting of additional rights to producers affected by the fact that the changes in the conditions of eligibility of animals for the premium and the introduction of individual limits on the guarantee per producer based on the number of premiums paid for the marketing year both occurred in 1991.

After having clearly identified the producers affected by the situation referred to above, each of the two Member States concerned shall grant additional premium rights before the end of the 1995 marketing year up to the limit of the special reserve referred to above. Subject to verification by the Commission, particularly in the regions principally affected, that the allocation of additional rights has been limited to the producers affected and that those producers do not obtain more rights than would have been granted them if the situation referred to above had not occurred, the national reserve established pursuant to this Article shall be increased by an amount corresponding to the sum of the rights newly granted; that increase shall not affect the additional reserve referred to in paragraph 3."

Article 2

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

It shall apply from the 1995 marketing year.

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

Done at Brussels,

For the Council

FINANCIAL STATEMENT

1.	BUDGET HEADING: Item 2220 Item 3805	APPROPRIATIONS: ECU 1 261 million ECU 328 million Letter of amendment to 1995 PDB		
2.	TITLE: Proposal for a Council Regulation amending Regulation (EEC) No 3013/89 on the common organization of the market in sheepmeat and goatmeat			
3.	LEGAL BASIS: Article 43 of the Treaty			
4.	AIMS: (1) To make provision, under certain circumstances, whereby producer groups may be exempt from the requirement to transfer a percentage of their rights to the national reserve in cases where rights are transferred without transfer of a holding. (2) To create for Italy and Greece a special reserve containing a maximum number of potential rights which did not go to the producers concerned because the reference year (1991) was a transitional year for these Member States.			
5.	FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (95) (ECU million)	FOLLOWING FINANCIAL YEAR (96) (ECU million)
5.0.	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER	29	4	29
5.0.1.	ESTIMATED EXPENDITURE	1997	1998	1999
5.1.1.	ESTIMATED REVENUE	2000		
		ECU 29 m	ECU 29 m	ECU 29 m
5.2.	METHOD OF CALCULATION: <u>1995 marketing year</u> (light ewes) <u>Item 2220</u> Greece: 600 000 head x ECU 20.917/head x 0.8 x 1.207 = ECU 12.1 million (B) Italy: 600 000 head x ECU 20.917/head x 0.8 x 1.207 = <u>ECU 12.1 million (B)</u> ECU 24.2 million (B) An assumption is made that Italy will pay an advance of 30% in 1995, i.e. ECU 4 million <u>Item 3805</u> Greece: 480 000 head x ECU 3.8/head x 1.207 = ECU 2.2 million (B) Italy: 480 000 head x ECU 3.8/head x 1.207 = <u>ECU 2.2 million (B)</u> ECU 4.4 million (B) An assumption is made that neither Italy nor Greece will pay in 1995. Total for the measure in 1995 = ECU 28.6 million			
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?			YES/NO
6.2.	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES/NO
6.3.	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?			YES
OBSERVATIONS	(1) The letter of amendment to the 1995 PDB already takes on board ECU 4 million so as to take account of the Council Decision of July last to increase the national reserves of Italy and Greece.			

Proposal for a
COUNCIL REGULATION (EC) No

amending Regulation (EEC) No 3901/89 defining lambs
fattened as heavy carcasses

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3013/89 of 25 September 1989 on the common organization of the market in sheepmeat and goatmeat⁽¹⁾, as last amended by Regulation (EC) No /94⁽²⁾, and in particular Article 4(2) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 3901/89⁽³⁾ establishes the definition of lambs fattened as heavy carcasses which are produced by ewes producing milk; whereas that Regulation, which lays down the conditions under which the said definition applies, also lays down limited derogations with regard to weaning for lambs belonging to a limited number of meat breeds and raised in geographically well-defined areas; whereas experience obtained has shown that the fact that those lambs are subject to the other conditions laid down in that Regulation has resulted in the introduction of a control procedure out of proportion to the objective, that is to guarantee that the lambs achieve a sufficiently high weight at slaughter; whereas, therefore, provision should be made for the derogations, currently restricted to the weaning of the lambs, to be extended to other conditions to be determined,

(1) OJ No L 289, 7.10.1989, p. 1.
(2) OJ No L , , p. .
(3) OJ No L 375, 23.12.1989, p. 4.

HAS ADOPTED THIS REGULATION:

Article 1

The second subparagraph of Article 1(1) of Regulation (EEC) No 3901/89 is hereby replaced by the following:

"However, derogations from the first subparagraph are possible for lambs belonging to a limited number of meat breeds and raised in geographically well-defined areas."

Article 2

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

It shall apply to the premiums to be paid for the 1995 and subsequent marketing years.

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

Done at Brussels,

For the Council

FINANCIAL STATEMENT

1.	BUDGET HEADING: Item 2220	APPROPRIATIONS: ECU 1.261 million Letter of amendment to 1995 PDB			
2.	TITLE: Proposal for a Council Regulation amending Regulation (EEC) No 3901/89 defining lambs fattened as heavy carcasses				
3.	LEGAL BASIS: Article 4(2) of Council Regulation (EEC) No 3013/89				
4.	AIMS: To extend the currently limited derogations as regards weaning lambs belonging to a limited number of meat breeds and raised in geographically well-defined areas to other circumstances, to be established on administrative grounds during the weight checks at slaughter				
5.	FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (95) (ECU million)	FOLLOWING FINANCIAL YEAR (96) (ECU million)	
5.0.	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER	-	-	-	
5.1.	REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL				
		1997	1998	1999	2000
5.0.1.	ESTIMATED EXPENDITURE	-	-	-	-
5.1.1.	ESTIMATED REVENUE				
5.2.	METHOD OF CALCULATION:				
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.	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES/NO	
6.3.	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?			YES/NO	
OBSERVATIONS					

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