



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.11.1996
COM(96) 606 final

96/0286 (CNS)

Proposal for a
COUNCIL REGULATION (EC)
**providing for additional measures for direct support of producers' incomes or for the
beef and veal sector**

(presented by the Commission)

Explanatory Memorandum

Following the outbreak of the crisis in the beef market due to consumer concern over the possible transfer of Bovine Spongiform Encephalopathy (B.S.E.) to humans through beef products, a series of initial measures were adopted by the Commission to protect consumers, to restore confidence and to support the beef market. Then, as the longer term impact on the change in consumer behaviour became evident, the Commission proposed on 30 July 1996 to amend Council Regulation (EEC) No 805/68 by adapting beef production better to consumer demand and making proposals on labelling and promotion.

In the meantime there was a general recognition of the need to provide immediate, short-term income support, within the Union's budgetary possibilities, to beef producers and the Council adopted measures providing additional payments to producers on 8 July 1996 through Council Regulation (EC) No 1357/96. These measures included supplements to the premium for suckler cows of 27 ecu and to the male animal premium of 23 ecu while the balance between the figure available for top-up premia and the total of 850 mecu was distributed to Member States, on the basis of a key reflecting, in particular, the size of their non-dairy cattle herds, as a contribution to national aid schemes in cases where some complementary aid was needed to help to resolve problems not fully addressed by the top-up premia. The overall level of support was based on an analysis of the impact of the price reduction which had taken place since 20 March as a result of the B.S.E. crisis, projected forward to the end of the year, though the Commission recognised at the time that such an estimate could not be precise since market disturbance had made the measurement of current prices difficult.

At its meeting of 28-30 October, the Council agreed a package of urgent measures in the beef and veal sector and considered that the continuing serious difficulties in the beef sector justified additional measures for direct support of producers' incomes or for the beef and veal sector amounting to 500 mecus.

The Council requested the Commission to find the means of reaching this objective of 500 mecus in the framework of the agricultural budget, taking into account also possible savings, if any, arising from the agreed compromise package. The Council also considered that such financial assistance should be distributed among the Member States according to an agreed key.

This proposed regulation formalises the compromise for the provision of the 500 mecu support package, giving Member States the flexibility to spend their part of this aid either to support producers' incomes or the beef and veal sector in their territory.

**Proposal for
COUNCIL REGULATION (EC) No.**

**providing for additional measures for direct support of producers' incomes or for the
beef and veal sector**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of the European Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission ¹,

Having regard to the opinion of the European Parliament ²,

Whereas, in the light of the continuing serious difficulties in the beef and veal sector resulting from consumer concerns in relation to bovine spongiform encephalopathy (B.S.E) and further to those measures which were made to support producers' incomes by Council Regulation (EC) No 1357/96 ³, additional measures for the direct support of producers' incomes or for the beef and veal sector are necessary;

Whereas the amount of aid available to each Member State for direct support of producer incomes or the beef and veal sector shall be distributed according to a key which takes into account, in particular, the size of the beef herd in each Member State; whereas Member States shall distribute the total amount of finance available on the basis of objective criteria, and shall avoid any market distortion;

¹ OJ No.

² OJ No.

³ OJ No L 175, 13.7.1996, p.9.

Whereas, for budgetary reasons, the Community shall finance the expenditure incurred by Member States in relation to the direct support of producer incomes or the beef and veal sector only where such payments are made by a certain deadline,

HAS ADOPTED THE FOLLOWING REGULATION:

Article 1

Member States shall use the amounts set out in Annex I to make additional payments, according to objective criteria, to support producers' incomes or the beef and veal sector in their territory, provided that these payments do not cause distortion of competition.

Article 2

1. The measures introduced by Article 1 of this regulation shall be deemed to be intervention intended to stabilize agricultural markets within the meaning of Article 3 (1) of Regulation (EEC) No 729/70⁴.
2. The Community shall finance the expenditure incurred by Member States in relation to the payments, referred to in Article 1, only where such payments are made by them by 15 October 1997 at the latest.

⁴ OJ No L 94, 28.4.1970, p.13.

Article 3

The conversion rate to be applied shall be the agricultural rate valid on 1 December 1996.

Article 4

Any detailed rules necessary for the application of this Regulation shall be adopted in accordance with the procedure set out in Article 27 of Regulation (EEC) No. 805/68⁵.

Article 5

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

It shall not be applicable before the day the General Budget of the European Communities for the financial year 1997 has been declared as finally adopted.

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

Done at

For the Council

The President

⁵ OJ No L 148, 28.6.1968, p.24.

ANNEX I

Amounts referred to in Article 1

	ECU (millions)
Belgium	22,12
Denmark	12,29
Germany	98,33
Greece	1,47
Spain	28,52
France	117,01
Ireland	36,87
Italy	44,25
Luxembourg	1,47
Netherlands	32,45
Austria	10,32
Portugal	5,90
Finland	5,90
Sweden	10,32
United Kingdom	64,41

FINANCIAL STATEMENT

APPROPRIATIONS: ECU 442 million
(LA2 to PDB 1997)

1. BUDGET HEADING: B1-2128

2. TITLE:

Proposal for a Council Regulation providing for additional measures for direct support of producers' incomes or for the beef and veal sector.

3. LEGAL BASIS: Article 43

4. AIMS:

Additional support to the beef sector due to continuing serious difficulties.

5. FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (1997)	FOLLOWING FINANCIAL YEAR (1998)	
	(ECU million)	(ECU million)	(ECU million)	
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER		500	0	
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL				
	1999	2000	2001	2002
5.0.1. ESTIMATED EXPENDITURE	0	0	0	0
5.1.1. ESTIMATED REVENUE				

5.2. METHOD OF CALCULATION:

ECU 491.63 million (A) x 1.017 (DT) = ECU 500 million (B)

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 Given the need to keep within the 1997 budgetary framework and since LA 2/97 currently only provides for ECU 442 million, the Commission will look for ways of achieving the objective of ECU 500 million in the agriculture budget

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DOCUMENTS

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