



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.04.1996  
COM(96) 152 final

96/0102 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**fixing a supplementary premium payable to sheep producers in non-less favoured areas of Ireland and the United Kingdom in respect of Northern Ireland**

(presented by the Commission)



## **Explanatory Memorandum**

The Council, in December 1995, made the following declaration in relation to sheepmeat prices in Ireland.

"The Council recalls in the context of the 1995 prices package, it registered its concern about sheepmeat price developments in Ireland and Northern Ireland. Despite the welcome effort which the Commission made to rectify the situation by means of private storage operations, it notes that a certain group of producers, essentially producers outside the less-favoured-area, suffered from exceptionally low prices during the late Spring period, a period which is crucial to their profitability. As the annual premium is calculated on the basis of average price throughout the season, the Council regulation provides no power for the Commission which would enable it to resolve this problem. The Council declares, however, its readiness to decide on a Commission proposal, in the knowledge of its financial implications, which could be presented when budgetary resources permit, providing for the granting of a supplementary premium strictly limited to the marketing year 1995/96, and to those producers concerned in Ireland and Northern Ireland."

The background to this declaration lies in the fact that, while prices in Ireland and Northern Ireland fell broadly in line with the decrease in the Community average market price of 6% in 1995, the fall in prices was severe during the Spring period which is of critical importance to certain producers.

In comparison to the last two years, prices were lower in spring 1995 in Ireland and Northern Ireland by about 15 %. Production costs and lamb prices are generally very high at this time of year so that the fall in prices, brought about, in particular, by increased and unusual supply patterns and reduced demand, sharply reduced producers' returns. The vast majority of the producers concerned in Ireland and Northern Ireland are located in non less favoured areas where soil and climatic conditions permit the production of early lamb.

In response to this difficult situation, the Commission operated two private storage schemes attracting, in all, about 1 000 t sheepmeat in Ireland and Northern Ireland. While these schemes certainly had positive effects in limiting further price falls, they did not restore prices to normal levels.

The sheepmeat regime provides that the level of the Community ewe premium is calculated on the basis of the difference between the Community average market price and the basic price. In 1995, the level of this premium at 24.821 Ecu per ewe (heavy lamb producer) was up by approximately 3.34 Ecu on 1994 reflecting the fall in market prices in the Community.

The Commission, therefore, stresses that the premium is playing its normal role of compensating producers when market prices fall.

However, Council Regulation (EEC) N° 3013/89 provides no means for taking account of severe price falls over a critical limited period as was the case in spring 1995 in Ireland and Northern Ireland. Therefore the Council's preparedness to find a solution to the problem must be addressed in another manner.

It is for this reason that the Commission proposal takes the form of a separate regulation fixing a supplementary premium limited to the producers concerned and to the 1995 marketing year.

The proposed level of the supplementary premium is 6.5 Ecu per ewe. This level reflects the Commission's indication to the Council that, as it would be difficult to quantify exactly the extent of the overall drop in income, it would be more reasonable to adopt a forfaitaire approach which would ensure that the measure was not too costly.

When the Council has adopted this proposal, the Commission, in the detailed rules, will ensure that payment is limited to producers in the areas concerned who applied for and were granted the 1995 ewe premium and is made subject to the same conditions as those applying to that premium.

The financial consequences for the 1996 budget are further expenditure of 9.5 MECU.

**Council Regulation (EC) No  
fixing a supplementary premium payable to sheep producers in non-less favoured  
areas of Ireland and the United Kingdom in respect of Northern Ireland**

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,

Having regard to the opinion of the European Parliament <sup>(1)</sup>,

Whereas Article 5 of Regulation (EEC) No 3013/89 on the common organisation of the market in sheepmeat and goatmeat <sup>(2)</sup> as last amended by Regulation (EC) No 1265/95 <sup>(3)</sup> provides for the grant of a premium to the extent necessary to offset any income loss to sheepmeat producers in the Community; whereas the loss of income is calculated on the basis of the difference between the Community average market price and the basic price;

Whereas in Ireland and Northern Ireland prices and production costs in late Spring are normally relatively high; whereas in late Spring 1995, due in particular to abnormal supply patterns, prices there were exceptionally low thus reducing sharply producers' returns from the market; whereas the producers concerned are located principally outside the less-favoured areas;

Whereas the level of the ewe premium is insufficient to compensate these producers;

---

<sup>(1)</sup>

<sup>(2)</sup> OJ N° L 289 7.10.1989 p. 1.

<sup>(3)</sup> OJ N° L 123 3.6.1995 p. 1.

Whereas Regulation (EEC) No 3013/89 does not provide any means to rectify this very difficult and exceptional situation; whereas, it is therefore necessary to provide for a supplementary premium limited to the producers affected in the regions indicated and to the 1995 marketing year,

## HAS ADOPTED THIS REGULATION

### Article 1

In Ireland and the United Kingdom in respect of Northern Ireland in areas other than those defined in Article 3 (3) (4) and (5) of Directive 75/268/EEC a supplementary premium of 6.5 ECU per ewe is payable to producers in respect of the 1995 marketing year,

This supplementary premium is granted subject to the same conditions as those laid down for the granting of the 1995 premium to sheepmeat and goatmeat producers.

### Article 2

Detailed rules for the application of this regulation shall be adopted by the Commission, if necessary, in accordance with the procedure laid down in Article 30 of Regulation (EEC) No 3013/89.

### Article 3

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

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: 2220 APPROPRIATIONS: ECU 1 352m

2. TITLE: Council Regulation fixing an additional premium payable to sheepmeat producers in non-less-favoured areas in Ireland and Northern Ireland

3. LEGAL BASIS: Article 43 of the Treaty

4. AIMS OF PROJECT:

To grant an additional premium to sheepmeat producers in non-less-favoured areas in Ireland and Northern Ireland to offset a substantial loss of income incurred by these producers in spring 1995 on account of market prices which were extremely low for the time of year. The premium is confined to the 1995 marketing year.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (96)	FOLLOWING FINANCIAL YEAR (97)
	million ecu	million ecu	million ecu
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET <del>(REFUNDS/INTERVENTION)</del> - NATIONAL ADMINISTRATION - OTHER	9.5	9.5	-
5.1. REVENUE <del>OWN RESOURCES OF THE EC</del> <del>(LEVIES/CUSTOMS DUTIES)</del> <del>NATIONAL</del>			
	1998	1999	2000
5.0.1. ESTIMATED EXPENDITURE	-	-	-
5.1.1. ESTIMATED REVENUE			2001

5.2. METHOD OF CALCULATION:  
 The cost of the measure is estimated as follows:  
 Ireland: 1 120 000 head x ECU 6.5/head = ECU 7.3 million (A) x 1.013 = ECU 7.4 million  
 Northern Ireland: 320 000 head x ECU 6.5/head = ECU 2.1 million (A) x 1.016 = ECU 2.1 million  
ECU 9.5 million

- 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:

†





ISSN 0254-1475

COM(96) 152 final

# DOCUMENTS

EN

03

---

Catalogue number : CB-CO-96-162-EN-C

ISBN 92-78-02557-7

---

Office for Official Publications of the European Communities  
L-2985 Luxembourg