



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 29.05.1996  
COM(96) 242 final

96/0148 (CNS)

Proposal for a

**COUNCIL REGULATION (EC)**

providing for additional payments to be made in 1996 with the premia referred to in Article 4b(6) and Article 4d(7) of Council Regulation (EEC) No. 805/68 on the common organisation of the market in beef and veal and amending Article 4i(4) of that Regulation

(presented by the Commission)



### Explanatory Memorandum

The announcement on 20th March 1996 that 10 cases of Creutzfeld-Jacob Disease in the United Kingdom could have been caused by exposure to the Bovine Spongiform Encephalopathy (B.S.E.) before 1988, when measures were introduced to ban the use for food of special bovine offals, caused an immediate disturbance in beef markets not only in the United Kingdom but also in other member states where B.S.E. is rare or unknown. A series of measures have been adopted to improve consumer protection, to restore confidence and to support the beef market. Although these measures have had a considerable and positive effect, the beef market remains depressed.

Once the longer term impact on the change in consumer behaviour can be assessed, the Commission intends to bring forward proposals designed to adapt beef production better to consumer demand. These proposals will be complemented by appropriate proposals on labelling and promotion.

In the meantime there is a general recognition of the need to provide short term and immediate income support to beef producers. Following intensive discussions in the Council, the Commission has undertaken to provide an appropriate proposal to this effect. The discussions in the Council revealed a general recognition that this measure needed to meet the following criteria:

- (a) It must be capable of being applied urgently. This implies that, so far as possible, it should be based on the existing data and administrative structures which exist to apply the premia already foreseen in the beef regime.
- (b) Nevertheless, the measure should provide a degree of flexibility to allow member states to address certain specific problems which are not covered by a measure linked to the existing premia.
- (c) It must respect the Union's budgetary possibilities.

As regards the amount of aid to be granted, the Commission considers that the most appropriate approach is to look at the impact of the price reduction which has taken place since 20th March as a result of the B.S.E. crisis and to project this reduction forward until the end of this year. The Commission recognises that such an estimate cannot be precise. The market disturbance has made the measurement of current prices difficult and there are conflicting views on the likely course of prices for the rest of this year. The best estimate the Commission is able to make is that the price reduction will lead to a loss of revenue this year of the order of 650 mecu. This figure also corresponds to the best estimate the Commission can make of the room for manoeuvre within the 1996 budget in the light of conjunctural savings foreseen in other sectors, net of the additional costs which are already being incurred in the beef sector.

As regards the method of making the payment, the Commission considers that the most appropriate instrument by which the major part of this aid could be provided is the existing male animal and suckler cow premia. On this basis it proposes supplements to the premium for suckler cows of 25 ecu and to the male animal premium of 21 ecu, the difference between the two supplements reflecting the somewhat greater fall in the price of calves sold by the suckler cow producers than has been observed in the price of young male animals. In order to allow payment to be made as soon as possible, the Commission proposes that these supplements should be granted on the bases of data already in the possession of member states with regard to payment of the 1995 premia. But in cases where producers subsequently claim fewer premia in respect of 1996, part of the payments made now should be recovered and the sums so recovered should be distributed to those producers whose validated claims in respect of 1996 are higher than the claims in respect of 1995.

The cost of this measure is estimated at 534 mecu (B). The Commission proposes that the balance between this figure and the total of 650 mecu (116 ecu (B) equivalent to 112.1 ecu (A)) should be distributed to member states on the basis of the size of their non dairy cattle herds as published by Eurostat. These sums will be available for the use of member states as a contribution to national aid schemes in cases where, in the judgement of member states, some complementary aid is needed to help to resolve problems not fully addressed by the increase in the premia.

The criterion for the acceptability of such national aid schemes is that they must not exceed the estimated income loss of the beneficiaries.

At the same time as making this proposal, the Commission proposes a technical amendment to the calf processing scheme. This scheme, which has been available as an option for member states since 1992, has not been used by any member states until recently, when it began to be applied by the United Kingdom and Portugal because of the abrupt reduction in demand for veal calves. Under current provisions, the scheme applies only to calves not more than 10 days of age. In certain circumstances this age limit can be difficult to respect and it is proposed to give the Commission power to allow a slightly higher age, subject to appropriate controls.

In conclusion, the Commission stresses the practical and budgetary urgency of this proposal. The proposed increase in the male animal and suckler cow premia and the contribution to complementary national aid schemes will only be eligible for EAGGF funding in respect of payments made during the current budget year.

COUNCIL REGULATION (EC) No. /96

of

providing for additional payments to be made in 1996 with the premia referred to in Article 4b(6) and Article 4d(7) of Council Regulation (EEC) No. 805/68 on the common organisation of the market in beef and veal and amending Article 4i(4) of that Regulation

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<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Whereas Regulation (EEC) No. 805/68<sup>3</sup> provides for the payment of premia in respect of male bovine animals and of suckler cows, designed to compensate producers for the consequences of a reduction in the intervention price at the time of reform of the sector;

Whereas the market for beef has been seriously disturbed as a result of consumer concerns in relation to bovine spongiform encephalopathy (B.S.E.) and with a view to assuring the future of the sector, additional resources shall be made available; whereas in order to enable rapid payment and to achieve the desired economic effect, such resources shall generally be made available in the form of payments in addition to the premia due in respect of animals eligible in the 1995 calendar year, as the necessary data is already available; whereas,

---

<sup>1</sup> OJ No.

<sup>2</sup> OJ No.

<sup>3</sup> OJ No. L 114, 28.6.1968, p. 24. Regulation last amended by

however, producers shall only be entitled to such additional payments to the extent that the number of eligible animals for which they are entitled to premium in respect of the 1996 calendar year is not reduced as compared with the 1995 calendar year;

Whereas overpayments shall be set off against a producer's entitlement to premia in respect of the 1996 calendar year or, where this is not possible, repaid to the competent authority of the Member State concerned; whereas the sum of money represented by such overpayments shall be allocated to producers whose entitlement to premia in respect of the 1996 calendar year is greater than that in respect of the 1995 calendar year, pro rata to their additional entitlement;

Whereas the additional payments to producers who receive a premium may not, depending on the particular production structure of a Member State, address fully the problems of certain producers; whereas Member States should be given the possibility to make payments to such producers; whereas the amount of money available to a Member State for this purpose should reflect the size, of its bovine herd, excluding dairy cows;

Whereas Regulation (EEC) No. 805/68 provides for a processing premium payable in relation to male calves removed from production before they exceed 10 days old; whereas experience has shown that the period between the time when a calf may be moved off a farm and its required removal from production is extremely short; whereas it should therefore be made possible for the Commission to allow an increase in the 10 day age limit in certain circumstances;

**HAS ADOPTED THE FOLLOWING REGULATION:**

#### Article 1

1. A producer whose entitlement to beef special premium under Article 4b of Regulation (EEC) No. 805/68 in respect of animals kept in the 1995 calendar year is established

shall, subject to the provisions of paragraph 3, be entitled to an additional ECU 21 for each premium which he receives. The additional payment shall, where possible, be made together with the payment of the premium referred to in Article 4b(6).

2. A producer whose entitlement to suckler cow premium under Article 4d of Regulation (EEC) No. 805/68 in respect of animals kept in the 1995 calendar year is established shall, subject to the provisions of paragraph 3, be entitled to an additional ECU 25 for each premium which he receives. The additional payment shall, where possible, be made together with the payment of the premium referred to in Article 4d(7).
3. Entitlement to the additional payments referred to in paragraphs 1 and 2 shall be subject to the establishment of entitlement to premium for at least the same number of animals retained in the 1996 calendar year as that for which the producer concerned received additional payments in respect of the 1995 calendar year.
4. Member States shall take all the necessary measures to ensure that when the additional payments are made to producers they are made aware of the fact that their entitlement to those payments is subject to the condition set out in paragraph 3.

## Article 2

1. Where the number of animals for which entitlement to premia is established in relation to the 1996 calendar year is less than that for which a producer received additional payments under Article 1, the part of the additional payments to which he was not entitled shall be set off against his entitlement to premia under Regulation (EEC) No. 805/68 for the 1996 calendar year.
2. Where a producer does not make an application for premia under Regulation (EEC) No. 805/68 in respect of the 1996 calendar year or where the premia to which he is

entitled are insufficient to make the set off referred to in paragraph 1, he shall be required to repay the additional payments made under Article 1 to which he was not entitled.

### Article 3

Producers whose entitlement to premia in respect of the calendar year 1996 relates to more animals than their entitlement in respect of the calendar year 1995 shall be eligible for further additional payments. Such payments shall only be made:

- to the extent that additional payments made to producers who were not eligible for them are repaid or recouped, and
- pro rata to the additional number of premia received in respect of the 1996 calendar year.

### Article 4

Member States may :

- (a) use the amounts set out in the Annex to make payments to producers in the beef and veal sector who are facing acute problems as a result of the market situation, which are not fully addressed by the measures referred to in Articles 1 - 3; and
- (b) pay national aid to such producers in addition to the payments under point (a) to the extent that such national aid does not lead to the estimated income loss being exceeded.



#### Article 5

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

#### Article 6

The measures introduced by this regulation, with the exception of the national aid referred to in Article 4, shall be deemed to be intervention intended to stabilize agricultural markets within the meaning of Article 3 (1) of Regulation (EEC) n° 729/70.

The Community shall finance the expenditure incurred by Member States in relation to the payments referred to in Article 1 and Article 4 (1)(a) only where such payments are made by them by 15 October 1996 at the latest.

#### Article 7

In Article 4i (4) of Regulation (EEC) No. 805/68 the following indent shall be added:

- "- may, on the basis of a duly justified application setting out adequate control measures to be carried out, authorize a Member State to pay the premium referred to in paragraph 1 in respect of animals withdrawn from production before exceeding the age of 20 days."

#### Article 8

Member States shall take all the necessary measures to ensure compliance with the provisions of this Regulation.

#### Article 9

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. 805/68.

**Article 10**

**This Regulation shall enter into force on the day of 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**

**For the Council**

**The President**

## ANNEX

### Amounts referred to in Article 4 (a)

	ECU (millions)
Belgium	4,5
Denmark	2,5
Germany	19,3
Greece	0,7
Spain	7,7
France	29,0
Ireland	9,5
Italy	9,0
Luxembourg	0,3
Netherlands	5,0
Austria	2,9
Portugal	1,7
Finland	1,4
Sweden	2,3
United Kingdom	16,3

# FINANCIAL STATEMENT

DATE: 28 May 1996

1.	BUDGET HEADING: B1-21	APPROPRIATIONS: ECU 5 458 million			
2.	TITLE: Council Regulation providing for additional payments to be made in 1996 with the premia referred to in Article 4 b (6) and Article 4 d (7) of Council Regulation (EEC) No 805/68 on the common organisation.				
3.	LEGAL BASIS: Article 43 of the Treaty				
4.	AIMS OF PROJECT: Emergency income support for beef producers				
5.	FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR	
		ECU million	(96) ECU million	(97) ECU million	
5.0.	EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL ADMINISTRATION - OTHER		650		
5.1.	REVENUE - OWN RESOURCES OF THE EC (LEVIÉS/CUSTOMS DUTIES) - NATIONAL				
		1998	1999	2000	2001
5.0.1.	ESTIMATED EXPENDITURE	-	-	-	-
5.1.1.	ESTIMATED REVENUE				
5.2.	METHOD OF CALCULATION:				
	10 274 239 suckler cows	× ECU 25/head	× 1.030 (DR) =	ECU 265 million (B)	
	12 478 897 male bovines	× ECU 21/head	× 1.028 (DR) =	ECU 269 million (B)	
	Supplementary payments	112.1 Mio ECU (A)	× 1.030 (DR) =	ECU 319 million (B)	
				ECU 650 million (B)	
6.0.	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?				NO
6.1.	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?				NO
6.2.	IS A SUPPLEMENTARY BUDGET NECESSARY?				YES
6.3.	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?				NO
OBSERVATIONS: This measure can be funded within the guideline for 1996.					



ISSN 0254-1475

COM(96) 242 final

# DOCUMENTS

EN

03

---

Catalogue number : CB-CO-96-266-EN-C

ISBN 92-78-05213-2

---

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

11