

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 640 final

Brussels, 10 November 1981

REPORT FROM THE COMMISSION TO THE COUNCIL

on the implementation of Regulation (EEC) No 1655/76 extending the transitional arrangements for the import of New Zealand butter into the United Kingdom during the year 1980

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I. INTRODUCTION

1. Pursuant to Article 7 of the Council Regulation No 1655/76⁽¹⁾ this report describes the conditions under which the import of New Zealand butter into the United Kingdom during the calendar year 1980 has been administered.

(1) Regulation (EEC) No 1655/76 of the Council of 29 June 1976 extending the transitional arrangements for the import of New Zealand butter into the United Kingdom (O.J. L 185, 9.7.1976, p. 1).

II. QUANTITATIVE ASPECTS

2. In accordance with Article 1 (1) and (2) of Regulation (EEC) No. 1655/76, the United Kingdom was authorized to import from New Zealand, 115,000 tonnes of butter during the calendar year 1980.
3. The total quantity of New Zealand butter actually imported (debonded during 1980) was 95,000 tonnes, as the result of New Zealand's agreement to reduce its entitlement by 20,000 tonnes.
4. On 1 January 1980, the stock of New Zealand butter (debonded) in the United Kingdom amounted to 67,524 tonnes.
5. The total quantity of New Zealand butter sold on the United Kingdom market in 1980 was 101,571 tonnes (1979: 106,638 tonnes)
6. On 31 December 1980, the carryover stock of New Zealand butter (debonded in the United Kingdom) amounted to 60,945 tonnes. (31 December 1979: 67,524).
7. Butter production in the United Kingdom during 1980 increased by 4.3% to about 168,299 tonnes (1979: 161,000 tonnes) See Annex I.
8. Total offtake of butter on the British market during 1980 is estimated at 333,000 tonnes (1979: 407,000 tonnes). See Annex I.
9. Imports of butter from Member States declined further by 19.5% from 124,996 tonnes in 1979 to 100,572 tonnes in 1980. See Annexes I and II.
10. While total U.K. imports in 1980 were below the 1979 level total butter stocks held in cold stores in the United Kingdom also decreased from 66,000 tonnes at the beginning of 1980 to 63 800 tonnes at the end of that year.
11. The 1980 closing stocks of New Zealand butter (60,945 tonnes), were 9.7% lower than the opening stock (67,524 tonnes). This occurred because the sales during 1980 were 7% higher than the quantity imported.
12. In 1979 and 1980 the percentage shares of New Zealand butter on the U.K. consumption butter market were 27% and 32.2% respectively.

13. During 1980 the butter share of the yellow fats market decreased from about 50% to about 44% according to trade sources while the market share of margarine increased during the same period from 48.5% to 54.3%.
14. During 1980, the U.K. exported 79,921 tonnes of butter (62,000 tonnes in 1979), of which 74,841 tonnes went to other Member States.

III. BUTTER PRICES - THE SPECIAL LEVY

15. During 1980 the special levy has been based on:

- (a) A CIF price of 142.51 ECU/100 kgs (117.88 ua) which was unchanged since 1st October 1977. However on the decision of the Council this amount was increased on 6 October 1980 to 213.37 ECU/100 kgs, a figure representing 75% of intervention level for butter of 80 - 82% fat content (284.49 ECU/100 kgs).
- (b) On-costs and packaging costs which had remained unchanged since 1979. After 6 October 1980 these costs were considered to be part of the increase of the CIF price.
- (c) U.K. consumer subsidy of 45.94 ECU per 100 kgs. for Community butter.

16. The special levy of 83.68 ECU/100 kgs which was introduced on 1 December 1979 applied until 10 October 1980 when, in line with the change in the CIF price, a new special levy of 25.18 ECU/100 kgs was introduced.

This new levy was broadly based on a level of 25% of the intervention price for 80 - 82% butter which corresponds to 71.12 ECU/100 kgs from which the consumers subsidy of 45.94 ECU/100 kgs was deducted.

17. The share of New Zealand butter on the United Kingdom market dropped from 51.6% at the beginning of the year to a low-point of 14.3% in August but the New Zealand market position improved somewhat towards the end of the year to close at a level of 30% market share.

18. At the beginning of the year the quoted list price of the main brands of Community producers butter on the United Kingdom market ranged between £ 1,846 and £ 1,923 per tonne while New Zealand "Anchor" was quoted at £ 1,721 per tonne. By April the price range for the other brands was between £ 1,896 and £ 1,917 per tonne while the price for "Anchor" increased to £ 1,847 thus narrowing the margin to about £ 60. The list prices remained relatively unchanged until October when prices for the main Community brands were increased to between £ 1,946 and £ 1,967 per tonne with "Anchor" at £ 1,847 per tonne allowing a price margin of £ 100 per tonne to exist.

19. Regulation EEC No 1655/76 which extended the transitional arrangements for importation of New Zealand butter into the United Kingdom authorised imports up to the end of 1980. On 30 June 1980 the Commission submitted to the Council a proposal (doc. COM (80) 190 Final), containing two elements, one amending Regulation 1655/76 for imports to the end of the year 1980 and the second relating to the importation of New Zealand butter, on special terms, into the Community after 1980.
20. These proposals re-iterated the Commission's earlier advice in a report submitted to the Council in August 1979 (doc. 8832/79 of 10 September 1979 / COM (79) 444 Final). This was that New Zealand should reduce its exports to the U.K. market below the entitlement given in Regulation 1655/76; that the New Zealand take-home price should be increased and maintained more in line with Community prices; and that arrangements should be made for exports to the Community on a more lasting basis.
21. Because of the fact that these proposals, which would provide a reduced special levy, were pending the Commission did not deem it appropriate to adjust the existing special levy until 10 October when the Council decided not to adopt the Commission's full proposal. Instead a formula was arrived at within the existing system. The CIF price was **increased**. New Zealand agreed to a reduction of 20,000 tonnes (to 95,000 tonnes) of the entitlement for 1980. In the absence of a final agreement for the period after its expiry the operation of Regulation EEC 1655/76 was prolonged on a number of occasions during the first three months of 1981 when a new Regulation entering into force on 1 April 1981 was agreed.

Diversification

22. Restrictions on access to markets in developed countries and competition for the markets of developing countries continue to contain New Zealand's efforts to diversify its markets for dairy products. Soviet imports have temporarily increased and for the present the Soviet Union has become a significant market outlet, absorbing a considerable quantity of the world's traded dairy products.

23. New Zealand's total butter exports increased from 166,042 tonnes in the year ended June 1979 to 177,889 tonnes in the year ended June 1980 (an increase of 7 percent). The United Kingdom was again the most important market taking 68 percent of total butter exports; 19% of exports went to the USSR

and the remaining 13% to diverse destinations. In the six months ended December 1980 butter exports to the United Kingdom totalled 67% of total butter exports, and 15% or 12,307 tonnes were exported to the USSR.

24. Exports of butteroil totalled 50,664 tonnes in 1979/80, a 94 percent increase over 1978/79 (26,159 tonnes). Once again the major markets for this product were South East Asia and Latin America where it is used in milk recombining plants. The statistics for the six months ended December 1980 show similar levels of exports as in the same period in 1979.

25. Cheese exports increased from 63,368 tonnes in 1978/79 to 69,240 tonnes in 1979/80 (a 9 percent increase). Japan remained the major market, taking 22,812 tonnes or 33 percent of total cheese exports, followed by the United States of America taking 19,506 tonnes. Exports to the United Kingdom totalled 4,575 tonnes, and were made under New Zealand's annual GATT quota to the EEC which came into effect on 1 January 1980. Exports to other markets remained static. Cheese exports in the six months ended December 1980 totalled 40,331 tonnes, an increase of 21 percent on the same period in 1979 (33,359 tonnes).

26. Exports of casein and caseinates in 1979/80 (65,983 tonnes) were slightly down on 1978/79 (67,351 tonnes). The United States of America

remained New Zealand's largest market for casein, taking 37,317 tonnes. The next largest market was Japan which took 14,885 tonnes, an increase of 27 percent over the previous year. Together, the USA and Japan accounted for 80 percent of total casein exports from New Zealand. Exports of casein and caseinates in the six months to December 1980 totalled 28,368 tonnes.

27. Exports of buttermilk powder in 1979/80 at 21,194 tonnes showed a return to normal levels. Exports in the six months to December 1980 totalled 8,613 tonnes.

28. Exports of skim milk powder in 1979/80 were 172,435 tonnes with major export markets, Indonesia, Philippines, Malaysia, Peru, Japan, Thailand and Mexico. Exports in the six months to December 1980 totalled 76,227 tonnes.

29.. Main export markets for whole milk powder in 1979/80 (July-June) were Malaysia, Singapore, Venezuela, Trinidad and Tobago, Mauritius, Taiwan, China and Thailand. Exports of wholemilk powder in the six months ended December 1980 totalled 39,870 tonnes (57% of previous years export figure).

List of Annexes

- Annex I Development of butter production, consumption and trade in the United Kingdom.
- Annex II 1980 United Kingdom butter imports from other EEC Member States, on a monthly basis.
- Annex III 1980 United Kingdom weekly arrivals and debondings of New Zealand butter.

DEVELOPMENT OF BUTTER PRODUCTION, CONSUMPTION AND TRADE
IN THE UNITED KINGDOM

Nos 1-3 : million litres

Nos 4-9 : '000 tonnes

	1973	1974	1975	1976	1977	1978	1979	1980
1. Milk production (a)	14,241	13,836	13,815	14,302	15,098	15,831	15,827	15,416
2. Milk deliveries	13,705	13,311	13,329	13,838	14,598	15,317	15,322	15,182
3. Deliveries as % of production	96.2	96.2	96.8	96.8	96.7	96.8	96.8	98.5
4. Butter production (b)	97	54	48	90	134	162	161	168
5. Total imports (c)	318	445	475	404	327	298	246	195,5
of which:								
6. EEC	186	326	364	275	189	173	125	100,5
7. New Zealand	132	119	111	129	138	125	120	95
8. Total Exports	16	3	3	16	11	56	62	80
9. Consumption: (d)								
Household/Catering (e)	409	445	462	441	410	396	389	315
Other (manufacturing) (e)	24	18	24	18	18	18	18	18
Total disappearance	433	463	486	459	428	414	407	333

(a) Excludes beef-cows' milk production

(b) Includes farmhouse production

(c) Includes butteroil equivalent

(d) Takes into account stock changes

(e) Breakdown not available for 1980;

Source: MAFF

Annex II

Imports of butter into U.K. 1980 - tonnes

	JAN.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
France	95	104	281	110	191	92	145	164	193	165	144	148	1,832
Belgium/Lux.	102	272	345	368	242	237	168	93	120	404	87	121	2,559
Netherlands	1 146	636	825	1 461	1 618	425	623	495	758	3 074	2 113	1 005	14 179
W. Germany	578	465	590	1 378	742	580	506	1 243	926	1 546	1 499	1 522	11 575
Irish Republic	1 438	423	2 994	3 718	2 838	2 365	4 021	3 740	3 056	2 646	1 329	2 026	30 594
Denmark	3 094	2 750	3 107	4 051	2 864	4 016	3 149	4 004	3 779	3 567	2 320	3 132	39 833
TOTAL	6 453	4 650	8 142	11 086	8 495	7 715	8 612	9 739	8 832	11 402	7 492	7 954	100 572

Source : MAFF

N.Z. BUTTER - 1980

W/E	Weekly Sales	Cumulative Sales	Stocks: Weekly developments			Levy appropriate to weekly sales	Calculated selling price equiv. to levy	Actual list price N.Z. butter	Actual list price U.K. butter	Intervention price level, 80%
			Debonded Stock	Non debonded stock	Weekly debonding					
On I/I	(tonnes)	(tonnes)	(tonnes)	(tonnes)	(tonnes)	ECU/100kg	£/t	£/t	£/t	£/t
			67.524							
1. 5/1	1 246	1 246	67 975	3 058	-	70.30	1 747	1637	1847	1734
2. 12/1	3 456	4 702	67 593	3 058	-					1634
3. 19/1	2 937	7 638	70 571	-	3 058					
4. 26/1	3 122	10 761	67 449	-	-					
5. 2/2	2 863	13 624	68 851	-	-			1781		
6. 9/2	2 986	16 610	67 575	-	-	83.68				
7. 16/2	1 656	18 266	65 923	-	-					
8. 23/2	1 755	20 021	64 168	-	-					
9. 1/3	1 997	22 018	64 661	-	-					
10. 8/3	1 721	23 739	62 940	437	-				1897	
11. 15/3	2 372	26 110	64 802	437	-					
12. 22/3	1 655	27 765	65 116	-	437					
13. 29/3	2 003	29 768	63 113	-	-			1847		
14. 5/4	2 021	31 789	64 167	-	-					
15. 12/4	1 724	33 513	62 420	-	-					
16. 19/4	1 597	35 133	65 320	-	-					
17. 26/4	1 216	36 349	64 104	1 900	-					
18. 3/5	1 332	37 681	62 771	6 557	-					
19. 10/5	1 432	39 113	61 340	8 557	-					
20. 17/5	1 303	40 416	60 037	8 525	22					
21. 24/5	1 376	41 792	58 611	12 425	-					
22. 31/5	1 558	43 349	57 104	12 425	-					
23. 7/6	1 493	44 843	55 610	13 769	-					1804
24. 14/6	1 477	46 320	32 936	14 273	-					
25. 21/6	1 278	47 597	52 856	14 273	-					
26. 28/6	1 528	49 125	51 328	14 273	-					
27. 5/7	947	50 072	50 381	14 273	-					
28. 12/7	1 327	51 599	49 054	16 291	-					
29. 19/7	1 253	52 652	47 801	16 291	-					
30. 26/7	1 322	53 974	46 479	19 031	-					
31. 2/8	1 614	55 588	44 865	19 031	-					
32. 9/8	1 422	57 030	43 423	19 031	-					
33. 16/8	1 475	58 505	41 948	20 039	-					
34. 23/8	1 659	60 165	40 288	20 208	-					
35. 30/8	1 223	61 388	39 065	20 208	-					

N.Z. BUTTER - 1980

°) 110 re-exported outside EEC

W/E	Weekly Sales	Cumulative Sales	Stocks: Weekly developments			Levy appropriate to weekly sales	Calculated selling price equiv. to levy	Actual list price N.Z. butter	Actual list price U.K. butter	Intervention price level 80%
			Debonded Stock	Non debonded stock	Weekly debonding					
	(tonnes)	(tonnes)	(tonnes)	(tonnes)	(tonnes)	ECU/100kg	£/t	£/t	£/t	£/t
36. 6/9	1 748	63 136	37 317	20 098°)	-					
37. 13/9	1 816	64 952	21 257	35 501	-					
38. 20/9	1 934	66 886	33 567	22 265	13 236					
39. 27/9	1 812	68 698	32 936	22 295	-					
40. 4/10	1 806	70 504	32 936	22 900	-					
41. 11/10	2 290	72 794	32 936	26 025	-					
42. 18/10	2 780	75 578	32 936	26 798	-					
43. 25/10	2 772	78 351	49 020	-	26 798					
44. 1/11	2 256	80 607	46 764	-	-					
45. 8/11	2 481	83 087	49 502	1 310	-					
46. 15/11	2 606	85 694	46 986	1 848	-					
47. 22/11	2 295	87 988	44 691	1 848	-					
48. 29/11	1 975	89 964	42 716	9 605	-					
49. 6/12	2 231	92 194	65 193	13 201	-					
50. 13/12	3 064	95 259	40 721	13 200	-					
51. 20/12	2 863	98 121	64 396	2 262	10 938	25.18				
52. 31/12	3 450	101 571	60 945	2 622	-					