

**Newsletter on the Common Agricultural Policy**

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THE COMMON MARKET ORGANIZATION  
FOR BEEF AND VEAL

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The basic regulation and the implementing regulations  
adopted by the Council and the Commission

Basic regulation

Council Regulation No. (EEC) 805/68 of 27 June 1968 on the common organization of the market in beef and veal (official gazette No. L 148/24, 28 June 1968).

The most important implementing regulations

1. Council Regulation No. (EEC) 970/68 of 15 July 1968 fixing the guide prices applicable to calves and mature cattle as from 29 July 1968 (official gazette No. L 166/7, 17 July 1968).
2. Commission Regulation No. (EEC) 1027/68 of 22 July 1968 on determining the prices of calves and mature cattle noted on the representative markets of the Community (official gazette No. L 174/14, 23 July 1968).
3. Commission Regulation No. (EEC) 1024/68 of 22 July 1968 on calculating the import prices for calves and mature cattle (official gazette No. L 174/7, 23 July 1968).
4. Commission Regulation No. (EEC) 1026/68 of 22 July 1968 on calculating a special import price for calves and mature cattle (official gazette No. L 174/12, 23 July 1968).
5. Commission Regulation No. (EEC) 1025/68 of 22 July 1968 fixing the coefficients for calculating the levy on beef and veal other than frozen (official gazette No. L 174/9, 23 July 1968).
6. Commission Regulation No. (EEC) 1090/68 of 25 July 1968 fixing the levies on imports of calves and mature cattle and on beef and veal other than frozen (official gazette No. L 183/7, 27 July 1968). This was the first time the levy was fixed. It changes every week.
7. Council Regulation No. (EEC) 885/68 of 28 June 1968 laying down, in the beef and veal sector, general rules relating to the granting of export refunds and criteria for fixing their amount (official gazette No. L 156/2, 4 July 1968).
8. Commission Regulation No. (EEC) 1075/68 of 25 July 1968 fixing the refund on exports in the beef and veal sector for the period beginning 29 July 1968 (official gazette No. L 180/30, 26 July 1968).

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9. Council Regulation No. (EEC) 972/68 of 15 July 1968 laying down general rules on intervention in the beef and veal sector (official gazette No. L 166/11, 17 July 1968).
10. Commission Regulation No. (EEC) 1097/68 of 27 July 1968 on the implementing procedures for intervention measures in the beef and veal sector (official gazette No. L 184/5, 29 July 1968) and additional provisions subsequently adopted.
11. Council Regulation No. (EEC) 989/68 of 15 July 1968 laying down general rules for the grant of aid to private stocks in the beef and veal sector (official gazette No. L 169/10, 18 July 1968).
12. Commission Regulation No. (EEC) 1071/68 of 25 July 1968 on implementing procedures for the grant of aid to private stocks in the beef and veal sector (official gazette No. L 180/19, 26 July 1968).
13. Council Regulation No. (EEC) 888/68 of 28 June 1968 laying down general rules relating to special arrangements for imports of certain categories of frozen meat intended for processing (official gazette No. L 156/7, 4 July 1968).
14. Commission Regulation No. (EEC) 1082/68 of 26 July 1968 fixing the coefficients expressing the meat content of preserves made of frozen meat (official gazette No. L 181/9, 27 July 1968).
15. Council Regulation No. (EEC) 990/68 of 15 July 1968 laying down general rules for the fixing of the levy applicable to certain categories of frozen beef and veal (official gazette No. L 169/12, 18 July 1968).
16. Commission Regulation No. (EEC) 1072/68 of 25 July 1968 on determining the components for calculating the levy on certain categories of frozen beef and veal (official gazette No. L 180/21, 26 July 1968). An amending regulation (No. 1573/68) appeared in official gazette No. L 247/8, 10 October 1968.
17. Commission Regulation No. (EEC) 1286/68 of 23 August 1968 fixing the levies on imports of frozen beef and veal (official gazette No. L 211/7, 24 August 1968). These levies are changed every month.
18. Commission Regulation No. (EEC) 1084/68 of 26 July 1968 on the special arrangements for imports of certain categories of frozen beef and veal (official gazette No. L 181/14, 27 July 1968). An amending regulation (No. 1554/68) appeared in official gazette No. L 244/13, 5 October 1968.
19. Commission Regulation No. (EEC) 1083/68 of 26 July 1968 fixing the implementing procedures concerning import licences in the beef and veal sector (official gazette No. L 181/11, 27 July 1968).

20. Commission Regulation No. (EEC) 1173/68 of 2 August 1968 on the special arrangements for imports of certain categories of young cattle and calves (official gazette No. L 193/7, 3 August 1968).

### Introduction

Production of beef and veal occupies a very special place in the common agricultural market which sets it apart from other forms of production covered by the agricultural regulations.

As matters stand at the moment, beef and veal, vegetable oils and fats, and maize are the only important agricultural products for which there is a shortage of home supplies in the Community, and the situation is likely to persist according to long-term forecasts. The Community is now 85-90% self-sufficient in beef and veal, approximately 600 000 tons being imported from non-Community countries each year.

Beef production is closely linked with milk production. Consequently, the market organization for beef and veal cannot be viewed in isolation: it must be considered in association with the market organization for milk and milk products, which came into operation on the same day - 1 August 1968. For the same reason, the aim of the Community's price policy must be to stimulate the expansion of beef production and to curb milk production in excess of requirements; in other words, large quantities of surplus milk should be used for fattening cattle.

This will succeed only if farmers find fattening more profitable than liquid milk production. The success of present efforts does however largely depend on structural changes in agriculture which would make it possible for farmers to keep sufficiently large herds of store cattle. Higher guide prices alone will not be enough to make fattening more widespread.

### Beef policy hitherto

The transitional beef and veal regulation (No. 14/64/EEC) was adopted by the EEC Council on 23 December 1963 and came into force on 1 November of the following year - 1 November being the day on which the marketing years for beef and milk begin. This transitional regulation was replaced by the definitive common market organization for beef and veal on 29 July 1968.

The transitional regulation was in force, then, for almost four years. Obviously, much experience of running the market organization was gained during this period, and this influenced the drafting of the new market organization. Any review of

developments on the beef and veal market over these four years must begin by mentioning that prices were extraordinarily high at the outset. There was no need at first to apply the levies which had been provided for in the regulation to protect guide prices and production in the individual member countries. The reason for this was that there was a world beef shortage, which meant that offer prices were generally high. Added to this, beef production in Community countries was unusually low at this time, and another contributing factor was that pigmeat supplies were only just sufficient.

Gradually this situation changed. During the last two years of the four-year period, the guide price had to be protected by the application of 50% or 100% of the levy at the Member States' frontiers from time to time.

Cattle herds abroad and in the Community countries were built up again, and Britain, for example, began to supply the world market and - more important - became an occasional exporter to the Community.

Price movements which led to levies being applied from time to time and the temporary introduction of national intervention measures were mainly due to seasonal fluctuations in supplies within the Community. These fluctuations mean that supplies are plentiful during the autumn months when cattle are being brought in from pasture and scarce throughout the summer. Although surpluses do build up on occasion, this does not alter the fact that the Community has an overall beef deficit and that its degree of self-sufficiency is only about 85%.

Because farmers and their leaders felt that prices for many basic farm products are often unsatisfactory, they wanted to see the guide price for beef fixed at a very high level. They argued that demand for beef was still high and pointed out that earnings from cattle constituted the main component of farm incomes. In the Community as a whole, more than 40% of all farm income derives from cattle products, like beef and milk, but in some areas - on grassland, in the hills and along the coast - the figure is as high as 95%.

Although there is something to be said for this argument, the answer to it is that there is a natural ceiling to the guide price for cattle because consumers are not prepared to pay more than a certain price for beef. This is particularly true in those Member States - Germany, the Netherlands and Belgium - where beef and veal face strong competition from pigmeat.

The Council could not close its eyes to these facts, and in the definitive market regulation, which came into force on 29 July last, the guide price was fixed at DM 272/100 kg.

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Council Regulation No. (EEC) 805/68 of 27 June 1968 on the common organization of the market in beef and veal

The common market organization for beef and veal comprises arrangements governing prices and trade and applies to the following products:

<u>CCT No.</u>	<u>Description of goods</u>
(a) 01.02 A II	Live animals of the bovine species, domestic, other than pure-bred for breeding
02.01 A II (a)	Meat of animals of the bovine species, domestic, fresh, chilled or frozen
02.06 C I (a)	Meat of animals of the bovine species, domestic, salted, in brine, dried or smoked
(b) 02.01 B II (b)	Edible meat offals of animals of the bovine species, domestic, fresh, chilled or frozen
02.06 C I (b)	Edible meat offals of animals of the bovine species, domestic, salted, in brine, dried or smoked
(c) 16.02 B III (b) 1	Other prepared or preserved meat or meat offals, not specified, containing meat or offals of animals of the bovine species, excluding preparations containing meat or offals of swine
(d) 15.02 B I	Fats of bovine cattle, rendered or not, including "premier jus".

Efforts to ensure that the market really is a Community market have been much more successful in the case of beef and veal than, for example, in the case of milk or sugar. This statement must be qualified, however, because unfortunately, as time goes on, depending on the difficulties encountered by the individual products covered, the Community character of the agricultural market organizations tends to get watered down.

The main features of the common market organization for beef and veal which came into operation on 29 July are

- (a) uniform protection at the Community's external frontiers against imports from non-member countries, and uniform levies in all Member States;
- (b) a single European market price to serve as a basis for calculating the levy and as a criterion for the introduction of intervention measures.

In the light of experience gained in the past, some changes have been made in arrangements for applying the levy.

Under the new calculating arrangements, a distinction has been made between levies on live cattle and fresh meat (of calves and mature cattle) and levies on frozen beef and veal.

Another point is that a levy will now be charged at an earlier stage than under the transitional regulation:

- (i) 25% of the levy will be charged if the market price recorded on the representative markets of the Community is more than 104% but not more than 106% of the guide price;
- (ii) 50% of the levy will be charged if the market price recorded is more than 102% but not more than 104% of the guide price;
- (iii) 75% of the levy will be charged if the price of the product concerned on the representative markets of the Community is higher than the guide price but not more than 102% of this price;
- (iv) If the price falls below the guide price, the full levy will be charged.

Although levies will now be charged at an earlier stage, this does not mean that they will be higher on the whole.

To sum up, it can be said that the purpose of these new arrangements is to ensure smoother price transitions. The abrupt change under the old arrangements from 50% to 100% of the levy made long-term planning very difficult, particularly for importers.

Under the old regulation, 50% of the levy was charged immediately the market price reached 105% of the guide price, and once the market price fell below the guide price the full levy was charged.

Clearly, it is hoped that the application of 25% of the levy once the market price reaches 106% of the guide price will delay or prevent a further drop in market prices as a result of imports. Under the old system, the rhythm of the levy was 0 - 50 - 100. Now it becomes 0 - 25 - 75 - 100, thus ensuring a smoother transition.

The levies on livestock and fresh meat are fixed and made public by the Commission each week. The livestock levy is used as a basis for calculating the levy on fresh meat by means of an adjusting coefficient. The levy on frozen meat used to be calculated at the same time as the levy on live animals. Under the new arrangements the levy on frozen meat is fixed each month and is determined solely by world prices for frozen meat. This new step has been taken to beat the speculators.

Passing reference has already been made to a uniform European market price for cattle which is used as a basis for calculating the levy. This market price is calculated from the national reference prices under the old regulation, but in a slightly different way. They are now weighted by a coefficient to allow for the size of the cattle population of each member country. This weighting of prices on the reference markets of the individual member countries is of decisive importance in arriving at a European market price. Thus the representative market for France is weighted by a coefficient of 40.8 because France has the largest cattle population. The coefficient for the German reference markets is 27.5, for the Italian 18.9, for the Dutch 7.3, for the Belgian 5.2 and for the Luxembourg representative markets 0.3. Because of this method, it is the level of the market price in France that has most influence in determining at what point the levy on imports from non-member countries comes into operation. This does not mean that the other reference markets have no effect on the amount of the levy, but it is true that disturbed market prices on the Belgian reference market, for instance, would not be enough on their own to change the levy.

The Commission starts from the assumption that information on national market prices supplied by the Member States corresponds to reality and reflects true prices on these markets. It takes for granted that the "national packet" of reference prices on the member countries' markets is in line with the facts. This "national packet" is examined by national experts, who consider what combination of types of animal and slaughter qualities has led to a specific market situation. An attempt is thus made to find a common denominator for actual differences in quality on the markets of the individual member countries. The "European market price" also gives a rough idea of the market situation. Strictly speaking, however, it is a theoretical one involving considerable approximation - the European market prices are calculated, then, for a hypothetical "European bullock". In Germany, market prices are precisely calculated for all categories of slaughter stock because a "contract note" giving all the necessary information is made out for each animal.



The levy is equal to the difference between the guide price and the import price plus customs duties. It has already been shown that the levy is applied in full only if the import price plus customs duties for calves or mature cattle falls below the guide price. If it is established that the weighted average of prices for the product in question on the representative markets of the Community is more than 106% of the guide price, no levy is charged.

Let us take as an example an occasion when the full levy was charged on imports into the Community - as it was in the week beginning 9 September 1968. For a start the import price applying to imports into the Community is worked out: offer prices are ascertained from quotations on representative markets in non-member countries and weighted by coefficients for mature cattle of various qualities on the markets of Denmark (50), England and Wales (25), Austria (15) and Ireland (10).

During the week we are examining the Commission established an import price of £ 154 per 100 kg live weight, plus 16% customs duty, giving a total of £ 179. This £ 179 was then deducted from the single guide price for beef and veal (£ 272), so that the levy to be paid was £ 93 per 100 kg live weight. This £ 93 per 100 kg represents the protection which the Community accords home cattle production, over and above customs duties.

The level of protection is high: according to our reckoning the levy corresponds to 60% of the import value. On a whole animal, protection can be as much as 76%. So the Danes are not altogether wrong when they claim that the charges incurred in exporting one cow for slaughter to the Community are high enough to pay for another cow.

The levy to be paid now is higher than that which would have applied in similar circumstances under the old regulation. This came to something like £ 80 per 100 kg, or about £ 400 on a whole animal. The main reason for the higher levy is not, however, as was mentioned briefly earlier, the change in the graduation of the levy but rather the increase in the Community's guide price from £ 265 to £ 272 per 100 kg. The higher guide price came into force long before 29 July 1968, however.

The second line of defence for the guide price is the intervention arrangements. These are designed to make it possible for beef farmers to obtain the common guide price, or a figure approaching it, at times when surplus meat is being produced.

Under the old regulation, which expired on 28 July 1968, intervention was on a national basis. Such measures were in fact implemented in France and Germany and to some extent in Belgium - if Belgian Government buying for the armed forces through the Office commercial du ravitaillement can be regarded as genuine market intervention. Under the new beef and veal

regulation, optional intervention can take place if the European market price is less than 98% of the guide price, but intervention becomes compulsory once the market price falls below 93% of the guide price.

To return to the present situation, at the time of writing (November 1968) the market price is 92.67% of the guide price. At its meeting on 27 October, therefore, the Management Committee for Beef and Veal decided, on a proposal from the Commission, that compulsory market intervention measures should be introduced throughout the Community for the first time under the beef and veal market organization. The preamble to the regulation adopted by the Commission (No. 1741/68) outlines the considerations which led to this step being taken.

"Article 6(2) of Regulation No. (EEC) 805/68 [the new basic regulation] requires that intervention measures be taken for the entire Community once the price for mature cattle, as recorded on the representative markets of the Community in accordance with Article 10 [of the same regulation], is lower than 93% of the guide price.

"Under Article 3a(1) of Commission Regulation No. (EEC) 1097/68 on the implementing procedures for intervention measures in the beef and veal sector,<sup>1</sup> last amended by Regulation No. (EEC) 1585/63,<sup>2</sup> the intervention measures provided for in Article 6(2) of Regulation No. (EEC) 805/68 must be introduced once it has been established that the condition outlined in the said paragraph of the said Article has been fulfilled for two consecutive weeks.

"The price for mature cattle on the representative markets of the Community established in accordance with Article 10 of Regulation No. (EEC) 805/68 has been less than 93% of the guide price for two consecutive weeks.

"The intervention measures provided for in Article 6(2) of Regulation No. (EEC) 805/68 apply to the entire Community. Despite the fact that uniform price arrangements operate in the beef and veal sector, there are still considerable differences between Community markets, and the application of intervention measures for the entire Community encounters serious technical difficulties in certain Member States. To ensure effective support for the Community market it seems absolutely essential for this reason to introduce intervention measures which take into account these differences and difficulties and, to this end, to resort to the provisions of Article 33 of Regulation No. (EEC) 805/68.

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<sup>1</sup> Official gazette No. L 184, 29 July 1968, p.5.

<sup>2</sup> Ibid. No. L 248, 11 October 1968, p.16.

"In view of the present situation buying-in by the intervention agencies seems called for. This must conform to the provisions of Regulation No. (EEC) 1097/68.

"Article 1 of Council Regulation No. (EEC) 972/68 of 15 July 1968 laying down general rules on intervention in the beef and veal sector<sup>1</sup> requires that the quality and presentation of the products purchased be determined in the light of the need to facilitate the subsequent marketing of these products and to guarantee effective market support and keep the financial burden on the Community within bounds. It is therefore advisable on the whole to buy in live animals and meat of average quality throughout the Community.

"For reasons given earlier, however, it seems opportune ... [to buy in meat in Belgium and the Netherlands], but there does not seem to be any need at present to provide for intervention in Luxembourg.

"In the Community there are variations within the different classes of mature cattle depending on the age, weight, conformation and finish of the animals. To allow for these various characteristics, it would be desirable either to lay down different upper and lower limits for the buying-in price or to fix buying-in prices for an average quality which could then be adjusted within such limits.

"If support for the market is to be effective, it would be well if the upper limits of the buying-in prices were to be fixed at a level approaching the highest buying-in price arrived at by the application of Article 6(1) of Regulation No. (EEC) 805/68. When fixing the lower limit, experience gained in this field in previous years should be taken into account.

"Since there are considerable price differences between the various regions of Germany, buying-in prices for Germany should be fixed in the light of special conditions in the various intervention centres if market disturbances are to be avoided.

"To make it possible for the Commission to watch over the implementation of intervention measures, Member States should notify the Commission of provisions adopted by them to implement this regulation.

"Present price levels in the Community are determined in particular by the market situation in Germany and in France. Provision had previously been made for intervention in these Member States, this extending to products other than those named in this regulation. To provide effective support for the markets in the said Member States, and consequently for the Community market as a whole, such of these measures as relate to products other than those covered by this regulation should not be revoked."

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<sup>1</sup> Official gazette No. L 166, 17 July 1968, p.11.

The text of the regulation adopted by the Commission continues as follows:

"Article 1

The following products shall be bought in under the conditions laid down in Regulation No. (EEC) 1097/68:

1. Belgium

Hindquarters, straight cut with three ribs, provided these quarters come from vaches 50% within the meaning of national regulations.

2. Germany

Kühe B within the meaning of national regulations.

3. France

(a) Vaches 2ème qualité within the meaning of national regulations;

(b) Meat from vaches 2ème qualité corresponding to the presentations referred to in Annex II(1)(a) and (c) to Regulation No. (EEC) 1097/68, with the exception of hindquarters, straight cut with three ribs.

4. Italy

Vacche 2a qualità within the meaning of national regulations.

5. Netherlands

Meat from slachtrunderen 2de kwaliteit within the meaning of national regulations, corresponding to the presentations referred to in Annex II(1)(a) to Regulation No. (EEC) 1097/68.

Article 2

1. The buying-in price for the products referred to in Article 1(1) above, free to cold store in the intervention centres, shall not be higher than the price set out hereunder as the upper limit nor lower than the price set out hereunder as the lower limit:

	<u>Bfrs./100 kg of product</u>
Lower limit	5 800
Upper limit	6 100

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2. The products referred to in Article 1(1) shall be bought in at prices falling within the limits set out in the foregoing paragraph, allowance being made for age, weight, conformation and finish of the animals from which they come.

Article 3

1. The buying-in price for the products referred to in Article 1(2), free to the stock market in the intervention centres, shall be fixed as follows:

	<u>DM/100 kg live weight</u>
Intervention centres in Region I (as defined in Article 1 of Regulation No. (EEC) 1097/68)	210
Intervention centre at Kassel	208
Other intervention centres	212

provided these products comply with the following specifications:

5- to 6-year-old cows with a satisfactory finish and a 53,5 meat yield.

2. Provided that, in the case of Kühe B with special characteristics as regards conformation, finish and yield, the buying-in price referred to in paragraph 1 above shall be adjusted to allow for these characteristics. The buying-in price shall not be higher than the prices set out hereunder as upper limits nor lower than the prices set out hereunder as lower limits.

	<u>DM/100 kg live weight</u>
<u>Intervention centres in Region I</u>	
Upper limit	194
Lower limit	216
<u>Intervention centre at Kassel</u>	
Upper limit	193
Lower limit	213
<u>Other intervention centres</u>	
Upper limit	191
Lower limit	211

Article 4

1. The buying-in price for the products referred to in Article 1 (3 a), free to abattoir in the intervention centres, shall not be higher than the price set out hereunder as the upper limit nor lower than the price set out hereunder as the lower limit:

	<u>FF/100 kg live weight</u>
Upper limit	233
Lower limit	243

2. The buying-in price for the products referred to in Article 1(3 b), free to cold store in the intervention centres, shall not be higher than the prices set out hereunder as upper limits nor lower than the prices set out hereunder as lower limits:

	<u>FF/100 kg of product</u>
Carcasses, half-carcasses and quarters denominated <u>compensés</u> .	
Lower limit	458
Upper limit	477
Hindquarters cut with 8 ribs ("pistola cut")	
Lower limit	525
Upper limit	605

3. The products referred to in Article 1(3) shall be bought in at prices falling within the limits set out in the foregoing paragraphs, allowance being made for the age, weight, conformation and finish of the products in question.

Article 5

1. The buying price for the products referred to in Article 1(4), free to abattoir in the intervention centres, shall not be higher than the price set out hereunder as the upper limit nor lower than the price set out hereunder as the lower limit:

	<u>Lit./100 kg live weight</u>
Lower limit	21 000
Upper limit	28 000

2. The products referred to in Article 1(4) shall be bought in at prices falling within the limits set out in the foregoing paragraph, allowance being made for the age, weight, conformation, finish and yield of the products in question.

#### Article 6

1. The buying-in price for the products referred to in Article 1(5), free to cold store in the intervention centres, shall not be higher than the price set out hereunder as the upper limit nor lower than the price set out hereunder as the lower limit:

	<u>Fl./100 kg of product</u>
Lower limit	339
Upper limit	364

2. The products referred to in Article 1(5) shall be bought in at prices falling within the limits set out in the foregoing paragraph, allowance being made for the age, weight, conformation and finish of the animals from which they come.

#### Article 7

The Member States shall notify the Commission of measures adopted to implement this regulation.

#### Article 8

1. Commission Regulation No. (EEC) 1594/68 of 11 October 1968 on the extension of intervention measures in the beef and veal sector in the Federal Republic of Germany<sup>1</sup> is hereby rescinded.

2. Articles 1 and 2 of Commission Regulation No. (EEC) 1576/68 of 9 October 1968 on the implementation of intervention measures in the beef and veal sector in France<sup>2</sup> are hereby rescinded as far as vaches 2ème qualité and the meat of these animals is concerned."

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<sup>1</sup> Official gazette No. L 250, 14 October 1968, p.1.

<sup>2</sup> Ibid. No. L 247, 10 October 1968, p.11.

This regulation (No. 1741/68) came into force on 7 November 1968. As specified in the regulation, optional intervention measures remain valid for Ochsen Klasse A in northern Germany and for top-quality bullocks and cows throughout France. Optional intervention had been possible in Germany since 4 September 1968 and in France since 10 October for bullocks and since 17 October for cows.

After only a few days in force, compulsory intervention measures had caused market prices to move above the level at which intervention becomes compulsory and it was possible to suspend them on 17 November after a mere ten days in operation.

The secret of this economical method is that market trends are very sensitive to intervention measures.

In this particular case temporary suspension was decided on because there is a danger that seasonal factors may cause prices to fall below the general intervention level yet again.

The Council of the European Community has thus developed a procedure which means that intervention measures need not necessarily be introduced simultaneously throughout the Community should prices in one part of the Community happen to reach or fall below the level for optional intervention. There can and should be far more intervention on regional lines, particularly in areas where the situation is most critical, so as to keep costs down.

Two conditions must be complied with before optional intervention measures can be introduced: (1) the weighted average of market prices for all qualities must be less than 98% of the guide price, and (2) the market price for a given quality must have reached the compulsory intervention level of 93%.

This is how the guide price for beef and veal is guaranteed in the Community.

The Commission's forecasts for intervention in the current marketing year are very modest. It is likely therefore that intervention measures to support the market will be suspended again after a short time.

As can be seen from the intervention regulation, there is no prospect as yet of uniform intervention in all Member States. In all of them intervention is normally controlled by the national intervention agencies - EVST in Germany and SIBEV in France, for example. As to the actual mechanics of intervention, France usually buys in meat at prices fixed in advance by the Government, while in Germany live cattle and meat are bought under contract by the Einfuhr- und Vorratsstelle or by the meat-processing industry.

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Since it has not yet proved possible to harmonize intervention procedures, the Community is still faced with the task of working out a joint intervention system for beef and veal which will really be a Community system. There is no doubt that most, if not all, intervention could be avoided if a way of preventing sharp seasonal fluctuations in deliveries of slaughter cattle could be found.

The fact that there is a shortage on the single beef and veal market and yet that expenditure on market regulation is heavy does seem rather paradoxical.

But the beef and veal market must be safeguarded if farmers are to be prevented from producing too much milk.

The fixing of the ratio between the guide price for calves and the guide price for beef is of particular importance. There were endless debates as to what the best level for the guide price for calves would be. Some people were in favour of a high price and others favoured a relatively low one, and both sides had good arguments. The advocates of a high guide price carried the day when the price was fixed at 91.50 units of account per 100 kg. It was felt that a high guide price, and high veal prices, would be more effective than a low one in keeping unwanted veal consumption within bounds and that it would, at the same time, assure farmers of a good price for their produce. Today 70% of all Community veal comes from farms specializing in this type of production.

The Community has a considerable veal deficit. For this reason special provisions were introduced to allow Italy in particular to import calves of less than 80 kg live weight at 50% of the normal customs duty and without any levy; veal consumption in Italy is the highest in relative terms, and not enough calves are available for breeding purposes. The requirement that the market price for calves in the Community must be higher than the guide price still remains, however.

The measures dealing with frozen meat in the beef and veal regulation are of very special importance. The shortage of Community beef supplies is felt mainly in respect of frozen meat. The Member States together import approximately 200 000 tons of frozen meat each year. The main importers are Italy and Germany, though the Benelux countries too import considerable quantities. The processing industry takes 80% of this frozen meat.

Under the new regulation, in contrast to the old, transitional regulation, the levy on frozen meat is, broadly speaking, a permanent one, though there are exceptions to the rule. The amount of the levy is now reviewed every month rather than every week. The reason for the changeover to a monthly review is that it takes roughly twenty days for South American meat to reach the Community.

The amount of the levy on frozen meat corresponds to the difference between the world market price for frozen meat and the price for fresh meat intended for processing in the Community, which is in competition with frozen meat. This fresh meat price is derived from the guide price and in practice amounts to some 75% of the guide price.

The level of imports into the Community is to be determined on the basis of an annual demand balance sheet.

The demand for meat for processing now totals some 420 000 tons; 221 000 tons of this is met from Community production. Demand from the meat-canning industry for corned beef production, amounting to 65 000 tons and included in the total of 221 000 tons, must be considered separately. This gives us an import demand of 200 000 tons.

To deal with the shortage of supply, the following exceptions have been made to the permanent charging of the levy:

1. The Community is obliged to admit a GATT quota of 22 000 tons of frozen meat of all qualities, on which a customs duty of 20%, but no levy, is charged.
2. At the request of the Italians in particular, the Council agreed to charge no levy on imports of 65 000 tons of unboned frozen meat (equivalent to 50 000 tons of boned meat) for the manufacture of pure meat preserves (corned beef).
3. The Council also made provision for a reduced levy to be charged on imports of other frozen meats for processing into sausages, mixed preserves and the like. In the first weeks after the common beef and veal market organization came into operation, the reduction in the levy was 25%.

To sum up, then, 200 000 tons of frozen meat are imported either without any levy or on payment of a reduced levy, although the basic rule is that a levy must always be charged.

Why did the Council adopt such a lenient attitude in the matter of reduced levies for frozen meat? There were four reasons for this:

1. Imported meat for processing plays an important role in price formation on the pig market, because pigmeat is used in the manufacture of mixed preserves.
2. Meat processing is an important export industry and provides jobs for thousands of workers.

3. Frozen meat is imported from countries which are dependent on us for a market for their meat.
4. The trend of consumer preference is towards convenience foods - canned meats in this case - and meat consumption would be hindered if the Community were to make difficulties about imports.

Finally, attention must be drawn to the fact that the Council has introduced special import arrangements to facilitate imports of beef cows from Denmark. These arrangements follow upon the agreements that had always been made between Germany and Denmark before the advent of the common agricultural market.

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