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MEAT

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MEAT

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CONTENTS

INTRODUCTION

This text on meat is one of a series produced by the Directorate-General for Agriculture of the European Commission known as "*CAP Working Notes*" which is published every year in French, English and German. These documents contain the most recently available information on the current marketing year, particularly the decisions on prices and related measures and the planned budget expenditure for the market organisation of the product in question.

The document is in two parts. The first part consists mainly of the contributions made by the Directorate-General for Agriculture's Units "Beef/veal and sheepmeat" and "Pigmeat and poultry" to the 1996 Report *The Agricultural Situation in the European Union*. The second is taken from the working document "Section III - Commission - Sub-section B1" which accompanies the *Preliminary Draft General Budget of the European Communities for the financial year 1998.*

This text was completed on 30 April 1997.

I - BEEF AND VEAL

THE SITUATION OF THE MARKETS

1. World market

World production of beef and veal, standing at about 56,5 million tonnes in 1996, is picking up again mainly due to a plentiful supply in North America and continued growth in the producing countries of South America that are officially recognized as free of foot-and-mouth disease (Table 1). On the other hand, the supply of beef and veal is expected to level off in Oceania, although at a relatively high level. Production is in decline in eastern Europe and in Russia in particular, where a reduction in the cattle herd has gone hand in hand with the restructuring taking place there since the beginning of the 1990s.

World demand for beef and veal continues to be stimulated by rising incomes in the countries of south-east Asia and Japan in particular. The increase in consumption remains firm in the two primary import markets, i.e. Japan and the USA, but also in Brazil and China where domestic demand is growing rapidly.

Table 1
Beef and veal production

(1000 tonne carcase weight)

	1993	1994	1995	1996	% change	
					1995/1994	1996/1995
USA	10.584	11.194	11.552	11.923	+ 3,2	+ 3,2
CIS	6.840	6.064	5.400	5.078	- 10,9	- 6,0
Argentina	2.508	2.486	2.466	2.471	- 0,8	+ 0,2
Brazil	5.570	6.129	6.392	6.540	+ 4,3	+ 2,3
Australia	1.814	1.829	1.720	1.700	- 6,0	- 1,2
Japan	594	602	601	596	- 0,2	- 0,8
China	2.341	3.275	3.775	4.404	+15,3	+16,7
India	2.458	2.496	2.615	2.730	+ 4,8	+ 4,4
EUR 15	8.180	7.835	7.967	7.700	+ 1,7	- 3,4
World	53.800	54.624	55.287	56.500	+ 1,2	+ 2.2

World trade in beef and veal, amounting to about 4.7 million tonnes, is still influenced by the increasing import needs of south-east Asia, including South Korea, Taiwan, Malaysia and above all Japan, where imports have increased in recent years by 10% a year. Both the United States of America and Canada have encouraged exports of beef and veal to such an extent that they now account for a greater share of the world market and will undoubtedly become net exporters of beef and veal this year.

After two years of increasing world prices for beef and veal, prices have now begun to fall, especially on North American markets, although prices have increased somewhat in South America. These price movements are accordingly helping to reduce the price differential between the two Pacific markets on the one hand and the Atlantic market on the other.

2. Community market

The European Union ranks second behind the United States in the production of beef/veal, which in 1993 accounted for some 11-12% of the value of final agricultural production. 1990 and 1991 saw a cyclical upturn in beef/veal production, with the slaughter of dairy cows in the former German Democratic Republic and more substantial imports of calves from eastern European countries. With the return to a cyclical phase of low production, and the decision to limit Community imports of calves drastically, there was a marked decline in production between 1992 and 1994. The expected upturn in the cycle began in 1995, with production at 7.96 million tonnes (Graph and Tables 2, 3 and 4).

The Community market for beef and veal was destabilized by the bovine spongiform encephalopathy crisis (see point 3 below). Despite the slaughtering due to the crisis production stayed stable in 1996. In 1997 a drop of 1% is expected.

Market prices for the quality grades eligible for intervention dropped below the threshold for triggering support measures (Table 5).

Alongside the health and veterinary measures to protect public and animal health and restore consumer confidence, the following market support measures were introduced:

- the buying-in of more than 300 000 tonnes of beef and veal in mid-September, resulting in a build-up of invention stocks of beef and veal and

- aid for the private storage of about 12 000 tonnes of veal.

The premiums awarded for the destruction of young male dairy-breed calves in the United Kingdom and Portugal involved about 200 000 head in mid-September and, to compensate breeders for loss of income, increased suckler cow and male bovine animal premiums were also paid out.

Lastly, a programme was introduced to remove from the market the meat of dry cows and other bovine animals over 30 months old in the United Kingdom, as well as calves originating in that country and present in some herds in the other Member States.

Having increased during the 1960s and 1970s, beef/veal consumption reached a peak in the mid-1980s of approximately 7.5 million tonnes (EUR 12). Apart from some variation due to developments in the general economic situation, consumption remained at this level until 1993.

Community consumption (EUR 15) of beef and veal is estimated to have been 7.5 million tonnes carcase weight equivalent in 1995, or about 20.2 kg a head (Table 6). The BSE crisis has dealt a blow to the consumer's image of beef and veal and consumption has fallen sharply in the United Kingdom and in most other countries of the European Union, notwithstanding the measures taken to promote quality beef and veal and the introduction of a scheme identifying the origin of the meat offered to the consumer (Table 7). In 1996 consumption dropped by 6% to around 7 million tonnes. 1997 is expected to show an increase of 2% on 1996.

As regards trade, the Union is a net exporter of live animals and fresh, chilled or frozen beef and veal. These exports are more than double the level of imports. Having increased rapidly in the early 1990s in response to strong demand, mainly from eastern European countries, exports have since returned to their usual level of between 1 and 1.2 million tonnes. For the first year of implementation of the agricultural agreement resulting from the "Uruguay Round" negotiations (1 July 1995 to 1 July 1996), exports are restricted to 1.137 million tonnes (EUR 15), while the amount imported remains unchanged[1]. Because about 100 000 tonnes were carried forward into the second year of application of the Agreement, a total of 1 192 000 tonnes were available on 1 July 1996.

Community exports of beef and veal, achieved mainly with the help of export refunds, now account for no more than 1 100 000 tonnes carcase weight equivalent.

Imports of beef and veal from third countries are governed for the most part by the various agreements concluded under the World Trade Organisation (WTO), the Lomé convention or with the countries of central and eastern Europe. They amount to about 500 000 tonnes carcase weight equivalent a year. Access to the Community market will become more open because of an increase in some import quotas and it will certainly become easier because of the reduction in import duties (Tables 8, 9 and 10).

The very low level of market prices is a further discouragement to cattle producers who are already faced with a 10% increase in the cost of animal feed. This will thus result in a medium-term reduction in beef and veal production in the European Union.

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1 For a detailed description of the GATT Agreement see the *CAP Working Notes* special issue "GATT and European agriculture".

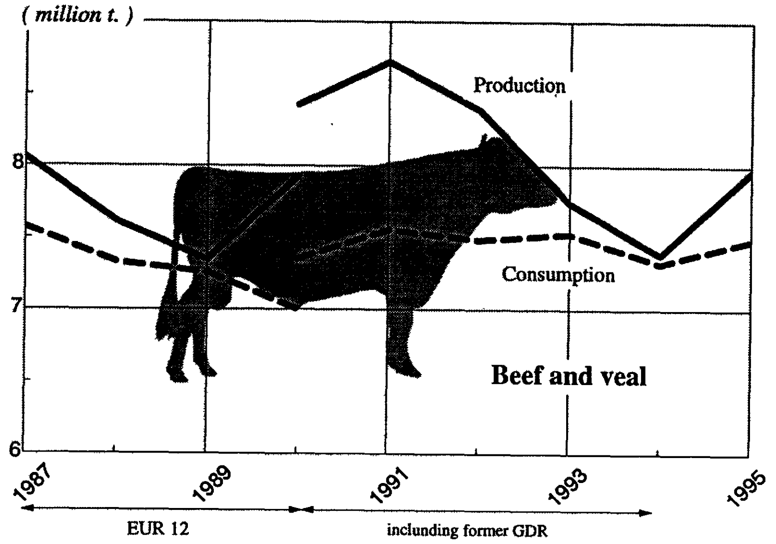

Table 2
Cattle numbers (December of previous year)

	1000 head				% of EUR 15	% TAV
	1993	1994	1995	1996	1996	1996 / 1995
1	2	3	4	5	6	7
EUR 15**	84744	83911	84462	84450	100,0	0,0
Belgique/België	3100	3084	3161	3147	3,7	-0,4
Danmark	2180	2115	2082	2094	2,5	0,6
BR Deutschland	16207	15897	15962	15890	18,8	-0,5
Elláda	629	608	520	550	0,7	5,8
España	4961	5001	5237	5432	6,4	3,7
France	20329	20099	20524	20662	24,5	0,7
Ireland	6265	6308	6410	6531	7,7	1,9
Italia	7703	7561	7272	7128	8,4	-2,0
Luxembourg	202	205	204	204	0,2	0,0
Nederland	4794	4629	4588	4558	5,4	-0,7
Österreich**	2401	2334	2329	2323	2,8	-0,3
Portugal	1345	1323	1330	1317	1,6	-1,0
Suomi/Finland**	1232	1230	1185	1179	1,4	-0,5
Sverige**	1775	1807	1790	1762	2,1	-1,6
United Kingdom	11621	11710	11868	11673	13,8	-1,6
EUR 12	79336	78540	79158	79186	93,8	0,0

Sources: Eurostat and European Commission, Directorate-General for Agriculture.

TAV = Annual variation
** = Estimate
: = Not available
- = Nil
x = Not applicable

Table 3
Slaughterings of adult bovine animals and calves (1)

		1 000 head				% TAV	Average carcass weight in kg				% TAV
		1992	1993	1994	1995	1995/1994	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6	7	8	9	10	11	12
Adult bovine animals	EUR 15**	26189	23823	22638	22968	1,5	:	:	:	312,2	x
	Belgique/België	706	722	681	711	4,4	415,0	423,2	422,4	414,9	-1,8
	Danmark	830	773	723	703	-2,8	260,2	261,0	255,1	256,0	0,4
	BR Deutschland	5609	4801	4328	4250	-1,8	314,1	320,3	313,8	316,9	1,0
	Elláda	279	261	254	235	-7,5	247,3	246,6	247,8	246,8	-0,4
	España	2102	1923	1842	1965	6,7	249,3	247,4	254,3	257,0	1,0
	France	4595	4057	3842	3969	3,3	345,6	352,9	354,4	359,5	1,5
	Ireland	1707	1600	1435	1514	5,5	330,4	328,6	310,2	317,0	2,2
	Italia	3553	3444	3371	3411	1,2	284,3	288,6	290,5	292,9	0,8
	Luxembourg	23	20	19	21	10,5	291,7	336,7	327,0	333,3	1,9
	Nederland	1399	1313	1260	1181	-6,3	322,4	323,4	325,7	326,8	0,4
	Österreich**	681	612	543	533	-1,8	:	:	:	343,3	x
	Portugal	444	422	327	325	-0,6	256,8	252,6	267,8	292,3	9,2
	Suomi/Finland**	480	432	429	383	-10,7	241,3	244,2	248,8	248,0	-0,3
	Sverige**	464	499	495	501	1,2	270,4	273,8	:	279,4	x
	United Kingdom	3317	2944	3089	3266	5,7	289,7	291,4	298,0	298,2	0,1
	EUR 12	24564	22280	21171	21551	1,8	307,8	311,3	310,4	313,3	0,9
Calves	EUR 15**	6550	6195	6019	5828	-3,2	:	:	:	136,7	x
	Belgique/België	376	379	380	336	-11,6	156,9	160,8	160,4	160,1	-0,2
	Danmark	27	28	51	55	7,8	37,0	42,9	44,9	100,0	122,9
	BR Deutschland	552	526	514	501	-2,5	122,3	125,5	120,1	120,7	0,5
	Elláda	78	82	82	80	-2,4	141,0	145,1	149,2	150,0	0,5
	España	85	72	31	25	-19,4	129,4	123,0	124,5	146,6	17,7
	France	2376	2205	2116	2042	-3,5	121,6	123,4	125,4	126,7	1,0
	Ireland	1	0	1	1	0,0	132,1	132,1	132,1	:	x
	Italia	1515	1419	1384	1321	-4,6	136,7	136,6	140,1	137,4	-1,9
	Luxembourg	1	1	1	2	100,0	99,8	127,9	126,1	119,0	-5,6
	Nederland	1197	1174	1198	1198	0,0	153,7	159,0	161,9	161,9	0,0
	Österreich**	169	158	141	130	-7,8	:	:	:	96,7	x
	Portugal	84	74	55	71	29,1	107,1	110,3	118,9	128,9	8,4
	Suomi/Finland**	10	8	7	10	42,9	86,6	82,7	84,0	96,4	14,8
	Sverige**	47	50	36	30	-16,7	98,8	99,4	:	104,8	x
	United Kingdom	32	19	22	26	18,2	62,5	63,5	45,0	46,2	2,5
	EUR 12	6324	5979	5835	5658	-3,0	132,7	135,6	137,9	137,9	0,0

Source: Eurostat.

(1) Total slaughterings of animals of domestic and foreign origin.

Table 4
Net production of beef/veal (adult bovine animals and calves) (1)

		1 000 t.(2)				% TAV
		1992	1993	1994	1995	1995/1994
1	2	3	4	5	6	7
Adult bovine animals	EUR 15**	8029	7418	6566	7171	9,2
	Belgique/België	293	305	288	295	2,4
	Danmark	216	202	184	180	-2,2
	BR Deutschland	1761	1538	1358	1347	-0,8
	Elláda	69	64	63	58	-7,9
	España	524	476	469	505	7,7
	France	1588	1432	1362	1427	4,8
	Ireland	565	526	445	480	7,9
	Italia	1010	994	979	1000	2,1
	Luxembourg	7	7	6	7	16,7
	Nederland	451	424	410	386	-5,9
	Österreich**	230	242	:	183	x
	Portugal	114	107	87	95	9,2
	Suomi/Finland**	117	106	:	95	x
	Sverige**	125	137	:	139	x
	United Kingdom	959	858	915	974	6,4
	EUR 12	7467	6850	6503	6683	2,8
Calves	EUR 15**	861	832	805	797	-1,0
	Belgique/België	59	61	61	54	-11,5
	Danmark	1	1	5	5	0,0
	BR Deutschland	67	66	62	60	-3,2
	Elláda	11	12	12	12	0,0
	España	10	9	4	4	0,0
	France	289	272	265	259	-2,3
	Ireland	0	0	0	0	0,0
	Italia	207	194	194	182	-6,2
	Luxembourg	0	0	0	0	0,0
	Nederland	184	187	194	194	0,0
	Österreich**	17	16	:	13	x
	Portugal	9	8	7	9	28,6
	Suomi/Finland**	0	0	:	1	x
	Sverige**	5	5	:	3	x
	United Kingdom	2	1	1	1	0,0
	EUR 12	839	811	805	780	-3,1
Beef/veal	EUR 15**	8890	8240	7846	7967	1,5
	Belgique/België	352	366	349	349	0,0
	Danmark	217	203	189	185	-2,1
	BR Deutschland	1829	1604	1420	1407	-0,9
	Elláda	79	76	75	70	-6,7
	España	535	485	472	508	7,6
	France	1877	1704	1627	1686	3,6
	Ireland	564	526	445	480	7,9
	Italia	1218	1188	1173	1181	0,7
	Luxembourg	7	7	7	7	0,0
	Nederland	635	611	604	580	-4,0
	Österreich**	247	248	227	196	-13,7
	Portugal	123	115	94	104	10,6
	Suomi/Finland**	117	106	107	96	-10,3
	Sverige**	130	142	141	143	1,4
	United Kingdom	960	859	916	975	6,4
	EUR 12	8396	7744	7371	7532	2,2

Source: Eurostat.
NB: These figures do not correspond to gross domestic production,

(1) Total slaughterings of animals including those of foreign origin.
(2) Carcass weight.

Table 5
Market prices (1) for beef/veal

(ECU/100 kg (2))

	Adult male bovines R3 (4)				Heifers R3 (4)				Cows O3 (5)			
	1993	1994	1995 (6)	% TAV 1995/1994	1993	1994	1995 (6)	% TAV 1995/1994	1993	1994	1995 (6)	% TAV 1995/1994
1	2	3	4	5	6	7	8	9	10	11	12	13
EUR 15	:	:	290,85	x	:	:	295,36	x	:	:	236,24	x
Belgique/België	254,42	252,48	284,28	x	236,82	239,32	278,07	x	219,00	216,13	238,10	x
Danmark	251,79	250,85	287,32	x	241,38	238,90	286,18	x	207,87	200,13	235,88	x
BR Deutschland	255,95	248,87	283,75	x	237,23	240,57	277,71	x	207,16	204,83	230,19	x
Elláda	340,21	348,93	399,64	x	332,82	-	-	x	242,04	:	284,78	x
España	280,66	269,39	288,53	x	286,40	282,58	303,27	x	164,71	186,01	209,93	x
France	269,79	270,12	300,37	x	289,64	288,50	326,60	x	240,33	236,27	258,87	x
Ireland	240,33	239,39	276,09	x	239,35	238,40	274,38	x	212,06	207,23	235,76	x
Italia	282,53	278,91	313,54	x	311,46	299,57	333,30	x	209,13	205,86	226,45	x
Luxembourg	270,20	268,45	315,84	x	279,56	277,13	334,97	x	224,10	223,92	265,15	x
Nederland	269,07	260,02	287,15	x	236,25	234,63	253,28	x	224,65	223,64	242,50	x
Österreich	:	:	290,65	x	:	:	-	x	:	:	-	x
Portugal	303,65	300,01	321,52	x	282,57	287,06	309,96	x	215,24	218,84	234,57	x
Suomi/Finland	:	:	277,05	x	:	:	-	x	:	:	-	x
Sverige**	308,72	306,23	283,33	x	:	:	-	x	:	:	-	x
United Kingdom	251,10	243,04	275,66	x	248,36	241,62	275,50	x	204,88	199,85	221,19	x
EUR 12(3)	263,66	259,48	:	x	264,31	262,00	:	x	215,26	213,16	:	x

Source: European Commission, Directorate-General for Agriculture.
(1) Country Ø.
(2) Slaughter weight.
(3) Weighted Ø ECU/100 kg.
(4) Good conformation and average fat cover.
(5) Fairly good conformation and average fat cover.
(6) New agricultural conversion ECU.

Table 6
Supply balance beef/veal

EUR 15

	1000 t (3)				% TAV
	1992 (4)	1993 (4)	1994 (4)	1995	1995 / 1994
1	2	3	4	5	6
Gross internal production	8378	7824	7445	8115	x
Net production	8396	7743	7380	7967	x
Change in stocks	155	-448	-556	-145	x
Imports (1)	480	419	456	377	x
Exports (1)	1239	1085	1073	1006	x
Intra-EU trade (2)	2110	1704	1810	2007	x
Internal use (total)	7482	7525	7319	7483	x
Gross consumption (kg/head/year)	21,6	21,6	20,9	20,1	x
Self-sufficiency (%)	112,0	104,0	101,7	108,4	x

Sources: Eurostat and European Commission, Directorate-General for Agriculture.
(1) Total trade, with the exception of live animals.
(2) All trade, including live animals (figures based on imports).
(3) Carcass weight.
(4) EUR 12.

Table 7
Gross internal production and consumption of meat (1)

EUR 15 (2)

	Relative share %				1000 t				% TAV
	1992	1993	1994	1995	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6	7	8	9	10
Gross internal production									
- pigmeat	42,6	44,9	44,7	44,4	14444	15247	15122	15959	5,5
- beef/veal	24,8	22,8	21,8	22,6	8378	7743	7380	8115	10,0
- poultrymeat	20,5	20,4	21,5	21,7	6932	6914	7259	7788	7,3
- sheepmeat and goatmeat	3,5	3,4	3,4	3,2	1182	1169	1142	1162	1,8
- equine meat	0,1	0,3	0,1	0,1	49	97	48	54	12,1
- other	2,4	2,5	2,6	2,5	817	848	892	895	0,4
Total	94,1	94,3	94,2	94,5	31802	32018	31843	33973	6,7
Edible offals	5,9	5,7	5,8	5,5	2000	1952	1970	1980	0,5
Total	100	100	100	100	33802	33970	33813	35953	6,3
Meat consumption					kg/head				
- pigmeat	43,3	44,1	44,2	44,3	40,8	41,3	41,1	40,6	-1,2
- beef/veal	22,9	23,1	22,5	21,9	21,6	21,6	20,9	20,1	-3,8
- poultrymeat	20,0	19,6	20,6	20,9	18,9	18,4	19,1	19,2	0,5
- sheepmeat and goatmeat	4,5	4,3	4,2	4,3	4,2	4,0	3,9	3,9	0,0
- equine meat	0,5	0,5	0,5	0,5	0,5	0,5	0,4	0,4	-2,7
- other	2,7	2,8	2,7	2,9	2,5	2,6	2,5	2,6	3,6
Total	93,8	94,3	94,7	94,7	88,5	88,4	88,0	86,9	-1,3
Edible offals	6,2	5,7	5,3	5,3	5,8	5,3	4,9	4,8	-1,7
Total	100	100	100	100	94,3	93,7	92,9	91,7	-1,3

Source: European Commission, Directorate-General for Agriculture.
(1) Carcass weight for meat.
(2) EUR 12.

Table 8
Beef/veal - EU trade by species

EUR 15

		A. Live animals in number (per 1000 head)				B. Live animals converted to meat weight (per 1000 t. carcass weight)	C. Meat (1000 t. carcass weight)				
		Calves	Adult bovine animals	Pure-bred breeding animals	Total live animals		Fresh or chilled from adult bovine animals	Frozen	Salted or in brine, dried or smoked	Prepared and preserved (cooked or uncooked)	Total beef/veal (B + C)
1	2	3	4	5	6	7	8	9	10	11	12
IMPORTS:											
Extra-EU	1993 (1)	395,4	88,9	114,3	598,6	80,1	144,7	93,2	0,4	180,8	499,3
	1994 (1)	477,6	90,8	103,1	671,5	76,8	143,2	128,7	0,7	182,9	532,3
	1995	407,0	25,6	40,9	473,5	45,2	88,3	119,5	2,1	167,1	422,2
Intra-EU	1993 (1)	1757,2	861,9	134,3	2753,5	308,3	1160,3	170,3	5,8	59,3	1704,0
	1994 (1)	1964,0	955,4	179,5	3098,9	337,9	1216,5	200,4	8,9	46,0	1809,7
	1995	1938,5	858,7	203,6	3000,8	325,4	1402,8	203,6	5,4	70,6	2007,8
Total	1993 (1)	2152,6	950,8	248,6	3352,1	388,4	1305,0	263,5	6,2	240,1	2203,3
	1994 (1)	2441,6	1046,2	282,6	3770,4	414,7	1359,7	329,1	9,6	228,9	2342,0
	1995	2345,6	884,3	244,4	3474,3	370,7	1491,1	323,1	7,5	237,7	2430,1
EXPORTS:											
Extra-EU	1993 (1)	3,1	400,4	78,9	482,5	143,2	104,2	887,2	2,0	91,9	1228,5
	1994 (1)	4,8	440,1	88,0	532,9	147,9	110,9	848,7	1,1	111,9	1220,5
	1995	4,1	521,1	134,9	660,1	193,5	98,7	803,5	1,4	102,2	1199,3
Intra-EU	1993 (1)	1712,0	1024,7	117,2	2853,9	336,5	1113,3	185,0	3,8	19,0	1657,6
	1994 (1)	2065,5	1085,4	106,1	3257,0	375,7	1443,7	243,1	3,6	59,7	2125,8
	1995	1602,0	1058,0	108,3	2768,3	374,3	1436,2	174,3	5,3	70,5	2060,6
Total	1993 (1)	1715,1	1425,1	196,1	3336,4	479,7	1217,5	1072,1	5,8	110,9	2886,1
	1994 (1)	2070,3	1525,5	194,1	3789,9	523,6	1554,6	1091,9	4,6	171,6	3346,3
	1995	1606,0	1579,1	243,3	3428,4	567,7	1534,9	977,7	6,7	172,7	3259,8

Sources: European Commission, Directorate-General for Agriculture and Eurostat.
NB: Coefficients: - Live animals: Carcass weight = live weight x 0,50.
- Boneless meat) Product weight x 1,3 = carcass weight.
- Prepared and preserved meat)

(1) EUR 12.

Table 9
Net balance of external trade (1) in meat (2) and self-sufficiency

EUR 15	Net balance (1) 1000 t				Self-sufficiency %			
	1992 (3)	1993 (3)	1994 (3)	1995	1992 (3)	1993 (3)	1994 (3)	1995
1	2	3	4	5	6	7	8	9
Meat (2):								
- pigmeat	391	819	862	810	102,9	106,2	106,1	105,4
- beef/veal	751	729	688	777	112,0	104,0	101,7	108,4
- poultrymeat	361	504	498	664	105,8	108,1	107,5	108,8
- sheepmeat and goatmeat	-256	-240	-236	-247	82,4	83,0	82,9	82,5
- equine meat	-129	-67	-110	-100	27,3	29,4	30,5	35,0
- other	-57	-58	-53	-87	93,5	93,3	94,4	91,1
Total	1061	1687	1650	1816	104,5	103,8	103,3	105,1
Edible offals	-18	97	148	183	99,1	105,3	108,1	110,2
Total	1043	1783	1798	1999	104,2	103,9	103,6	105,3

Source: European Commission, Directorate-General for Agriculture.
(1) Exports minus Imports.
(2) Including live animals, carcass weight equivalent.
(3) EUR 12.

Table 10
Beef/veal - trade with non-member countries

(1000 tonnes carcass weight)

Reporting countries	1992	%	1993	%	1994	%	1995	%
1	2	3	4	5	6	7	8	9
A. Exports:								
EUR 15	:	:	:	:	:	:	1199,3	100,0
BLEU/UEBL	33,5	2,5	40,9	3,3	39,6	3,2	47,3	3,9
Danmark	46,4	3,5	47,3	3,8	46,5	3,8	38,3	3,2
BR Deutschland	393,8	29,8	347,9	28,3	242,8	19,9	251,0	20,9
Elláda	1,0	0,1	2,2	0,2	3,2	0,3	3,1	0,3
España	33,3	2,5	22,3	1,8	24,7	2,0	33,7	2,8
France	283,3	21,4	257,0	20,9	248,6	20,4	179,0	14,9
Ireland	213,4	16,1	257,1	20,9	380,8	31,2	412,7	34,4
Italia	173,2	13,1	101,7	8,3	79,2	6,5	34,4	2,9
Nederland	120,1	9,1	106,3	8,7	94,4	7,7	107,4	9,0
Österreich	:	:	:	:	:	:	19,3	1,6
Portugal	0,0	0,0	0,3	0,0	0,3	0,0	0,2	0,0
Suomi/Finland	:	:	:	:	:	:	3,4	0,3
Sverige	:	:	:	:	:	:	1,4	0,1
United Kingdom	25,5	1,9	45,5	3,7	60,2	4,9	68,1	5,7
EUR 12	1323,4	100,0	1228,5	100,0	1220,3	100,0	1175,2	98,0
B. Imports:								
EUR 15	:	:	:	:	:	:	422,3	100,0
BLEU/UEBL	3,0	0,5	2,7	0,5	3,1	0,6	2,2	0,5
Danmark	0,5	0,1	0,6	0,1	1,2	0,2	1,0	0,2
BR Deutschland	176,8	30,9	158,6	31,8	156,9	29,5	109,0	25,8
Elláda	14,1	2,5	11,7	2,3	8,4	1,6	6,5	1,5
España	3,1	0,5	2,3	0,5	3,4	0,6	4,9	1,2
France	15,2	2,6	13,9	2,8	15,7	2,9	12,2	2,9
Ireland	0,0	0,0	0,0	0,0	0,0	0,0	0,5	0,1
Italia	143,5	25,1	112,8	22,6	117,6	22,1	75,1	17,8
Nederland	47,3	8,3	47,0	9,4	63,0	11,8	39,5	9,4
Österreich	:	:	:	:	:	:	1,4	0,3
Portugal	10,1	1,8	9,7	1,9	7,7	1,4	4,5	1,1
Suomi/Finland	:	:	:	:	:	:	0,0	0,0
Sverige	:	:	:	:	:	:	6,3	1,5
United Kingdom	158,8	27,7	139,9	28,0	155,3	29,2	159,2	37,7
EUR 12	572,4	100,0	499,2	100,0	532,3	100,0	414,6	98,2

Source: Eurostat.
Coefficients: - Live animals: Carcass weight = live weight x 0,50.
- Boneless meat) Product weight x 1,3 = carcass weight
- Prepared and preserved meat)

(3)

3. Bovine Spongiform Encephalopathy

Bovine Spongiform Encephalopathy (BSE) is a disease of cattle that first appeared in November 1986 in the United Kingdom and has progressively taken epidemic proportions in the United Kingdom's cattle herd during most of the following ten years but is now on the decline.

It is thought that BSE in the United Kingdom was triggered by changes in the production methods used to obtain meat-and-bone meal from animal materials. Because meat-and-bone meal is used as feedingstuff for cattle, these changes, especially the lowering of the processing temperature during rendering, are believed to have resulted in failure to completely de-activate the infectious agent present in the material of origin.

Measures adopted by the European Union from 1989 until March 1996

The European measures have been targeted at the protection of cattle and European consumers against any hypothetical possibility of transmission of the disease from cattle. They have strictly followed the recommendations of the Commission's Scientific committees. The United Kingdom adopted a series of control measures for BSE and the Community has adopted a series of measures to restrict trade in bovine animals and products from the United Kingdom.

By Commission Decision 94/381/EC the use of mammalian meat-and-bone meal in ruminant feed was prohibited throughout the EU, and minimum parameters for the rendering of cattle and other ruminant material were laid down in 94/382/EC for the whole of the EU.

The 22 March 1996 scientific advice and Commission Decision 96/239/EEC

On 20 March 1996, the United Kingdom Spongiform Encephalopathy Advisory Committe (SEAC), after considering ten cases of Creutzfeldt-Jacob disease in younger people identified in the United Kingdom, declared the following: "Although there is no direct evidence of a link, on current data and in the absence of any credible alternative the most likely explanation at present is that these (human) cases are linked to exposure to BSE before the introduction of the SBO ban in 1989. This is cause for great concern." This information caused a crisis throughout the Union and consumer confidence in bovine meat fell dramatically, some Member States being more severely affected than others.

In view of the advice of the Scientific Veterinary Committee (22 March 1996), in order to reduce as far as possible any risk of exposure to the BSE agent, to restore consumer confidence and to re-establish the Internal Market, the Commission, acting on the positive advice of the Standing Veterinary Committee on 25-26 March, adopted Decision 96/239/EC on 27 March to prohibit, pending an overall examination of the situation, the trade to Member States and export to non-EU countries from the United Kingdom of live cattle, their semen and embryos, meat of cattle slaughtered in the United Kingdom, products obtained from cattle slaughtered in the UK, and materials from cattle slaughtered in the United Kingdom destined for use in medicinal products, cosmetics or pharmaceutical products and mammalian-derived meat-and-bone meal.

Milk and milk products, which an Expert Consultation by the World Health Organisation have confirmed pose no risk in respect of BSE, are not included in that prohibition.

The United Kingdom implemented further measures to control BSE in its territory and to protect human and animal health, such as extending the SBO ban to become SBM (specified bovine material) ban by including further tissues and increasing the controls on removal of SBM. The UK prohibition of meat from cattle over 30 months (OTM) of age entering any food or feed chain was welcomed by the Council on 1 to 3 of April 1996 and the Commission adopted a Regulation for Community financing of the purchase of UK animals older than 30 months for destruction.

The Commission undertook as soon as possible to assess the export ban and consulted the Scientific Veterinary Committee especially on the safety of gelatin, tallow, semen and embryos. Acting upon the advice of the Committee, Decision 96/362/EC amending 96/239/EC was adopted on 11 June, whereby the ban on semen was lifted.

The parameters for the production of tallow and gelatine were defined, and gelatine and tallow exports could resume once the establishments had been approved and inspected by the Commission and once other preconditions been met. However, certain scientific data concerning the deactivation of the agent during gelatine manufacture became invalid. There has been no approval of UK establishments which produce gelatine from UK bovine material for the purpose of trade.

Commission inspection teams assisted by experts from Member States made several missions to the United Kingdom, Portugal and Switzerland in order to assess the measures taken for BSE.

The UK prohibited the use of mammalian materials in food for all farm animals including fish. The programme for selective slaughter of animals most likely to having been exposed to infected meat-and-bone meal approved on 24 June 1996 by the Standing Veterinary Committee was delayed subject to further evaluation by the UK in the light of new scientific data but has now been implemented.

Commission Decision 96/449/EC adopted on 18 July 1996 required that all animal waste from mammalian animals in the EU be processed by a method that has been demonstrated to de-activate the agents of scrapie and BSE. The only such system is one operating at 133 degrees C at 3 bar for 20 minutes.

In Portugal there was extreme public concern about BSE resulting in a sharp fall in beef consumption. A plan for eradicating BSE in Portugal was approved by Commission Decision 96/381/EC and for France by Decision 97/18/EC. Ireland has also presented a similar eradication programme. Community market regulatory mechanisms are continually being adapted to compensate Member States for the costs incurred by the present crisis.

The Commission considered it necessary ensure that experts with a wide range of scientific expertise are consulted on certain important issues. It has therefore decided to set up a multi-disciplinary committee of highly regarded independent scientists which will make recommendations on all relevant aspects.

On 10 June 1996 the Commission invited third countries to a seminar on BSE, at which information was given about the latest developments and the measures taken by the European Community for the protection of public and animal health

During the June 1996 Florence summit the Commission presented its position paper on BSE in which a general framework programme was laid down for a gradual lifting of the ban on trade in UK bovines and bovine products. This was agreed by all Member States and was an important step for restoring the internal market. The framework programme contained several preconditions for a lifting of the ban such as implementation of a selective slaughter programme, improving animal identification and movement records, legislation for and removal of all meat-and-bone meal from agricultural premises and feed mills, effective implementation of the OTM-scheme and improved methods for the removal of SBM.

Since March 1996 scientific committees have been convened several times to assess different public health and animal health issues. At present the safety of milk is being further assessed and the status of all member states as regards transmissible spongiform encephalopathies is being evaluated in order to assess the need for further measures in the Union. Many of the research projects which have been initiated since the beginning of the epidemic are being finalized and thereby new information concerning for example, maternal transmission, risk in embryos, etc. are causing the present rules to be continually assessed in the light of the latest scientific knowledge.

On 9 October 1996, the Commission presented a report by Prof Weissman concerning priorities for research on transmissible spongiform encephalopathies in the future. The Commission recognizes that the absence of scientific certainty of the disease has created severe difficulties in dealing with the crisis and that it is imperative from a point of view of eradicating the disease and protecting human health that research efforts are increased.

On 21 October 1996 the Scientific Veterinary Committee gave advice to the Commission on the exclusion of certain risk materials from food and feed. This was in application of the recommendations from an Expert Consultation in World Health Organization on 3 April 1996. On the basis of this advice, the Commission made a proposal for the use of these materials to be banned, but this proposal was rejected by Council by a simple majority on 17 December 1996.

A Commission Decision has, however, been adopted and enters into force on 1 July 1997 which has the impact of prohibiting certain tissues in the production of cosmetics. The Commission will consider follow-up actions for other products.

The United Kingdom has presented its working document, as foreseen in the Conclusions of the Florence Summit of 1996, aimed at a progresive lifting of the ban. In particular, this document outlines the measures to be adopted for an Export Certified Herd Scheme. The document must be evaluated by the appropriate scientific committees of the Commission before any lifting of the ban will be considered.

THE COMMON MARKET ORGANISATION

Chapter 1-21 of the budget covers the following products:

- live animals;
- meat: fresh, chilled, frozen, other;
- processed products: other preparations and preserves of meat or offal, cooked or uncooked;
- offal.

The common market organisation in the beef and veal sector is governed by Council Regulation (EEC) No 805/68, as last amended by Regulation (EC) No 2222/96. The marketing year runs f rom 1 July to 30 June of the following year, beginning in 1996/97.

1. Import and export arrangements

The previous import and export arrangements laid down that a customs duty and a variable levy were charged in relation to the difference between the guide price and the market price upon import. The Council laid down the guide price for adult cattle, i.e. the desired average price on the Community market for all qualities marketed during the marketing year. This was abolished with the implementation of the GATT agreement on 1 July 1995. Since this agreement entered into force, the system has been replaced by a fixed customs duty. There are special schemes in certain fields.

In so far as it is necessary to enable exports based on the market value or the prices of these products, the difference between these market values and prices within the Union may be covered by an export refund. This is the same for the whole Union and may be varied according to use/destination. It is granted upon application by the person concerned. The level of refunds is established periodically, and may be amended in the interim where necessary at the request of a Member State.

In order to take into account the possible effects of the BSE crisis, the forecast expenditure has been revised. It is at ECU 1 601 million for 1997 as against ECU 1 794 million for 1996.

In addition, the Union imports approximately 465 000 tonnes at a reduced or zero rate of duty. Being self-sufficient, it should export an equivalent quantity, the cost of which for 1997 may be estimated at ECU 627 million, which is included in Article B1-210; the net cost is ECU 527 million, taking into account duties received.

Table 11
Appropriations authorised for 1996 and 1997

(in ECU)

Article Iteme	Heading	1996 (1)	1997 (2)	Variation % (2/1)
1-210	**Refunds on beef/veal**	**1 794 000 000**	**1 601 000 000**	**-10,8**
1-211	**Intervention storage of beef/veal**	**686 000 000**	**1 308 000 000**	**+190,7**
1-2110	Private storage	24 000 000	pm	-
1-2111	Technical costs of public storage	63 000 000	188 000 000	+298,4
1-2112	Financial costs of public storage	4 000 000	32 000 000	+800,0
1-2113	Depreciation of stocks	- 38 000 000	- 49 000 000	-
1-2114	Other public storage costs	633 000 000	1 137 000 000	+179,6
1-212	**Intervention other than storage of beef/veal**	**4 379 000 000**	**4 542 000 000**	**+3,7**
1-2120	Suckler cow premiums	1 521 000 000	1 456 000 000	-4,3
1-2121	Additional premiums for suckler cows	91 000 000	96 000 000	+5,5
1-2122	Special premiums	1 364 000 000	1 293 000 000	-5,2
1-2123	Deseasonalisation premiums	22 000 000	23 000 000	+4,5
1-2124	Premiums for fattening young male calves	24 000 000	49 000 000	+204,2
1-2125	Extensification premiums	471 000 000	471 000 000	0
1-2126	Exceptional support measures	194 000 000	319 000 000	+64,4
1-2127	Compulsory slaughter programme	pm	pm	-
1-2128	Additional direct support measures for the sector	650 000 000	442 000 000	-32,0
1-2129	Other intervention	42 000 000	pm	-
1-2130	Premium for the early slaughter of calves	-	393 000 000	-
1-219	Others	**pm**	**pm**	-
	TOTAL	**6 859 000 000**	**7 451 000 000**	**+4,0**

Source: Final adoption of the general budget of the European Union for the financial year 1997, OJ L 44 of 14 February 1997.

2. Price and intervention system

In order to stabilise markets and ensure a fair level of income for the farmers concerned, avoiding or mitigating a significant decline in prices, provision is made for intervention measures. Compulsory use of a Community scale for grading carcases makes it possible to establish a single buying-in price for each grade of fresh or chilled meat eligible for intervention. For each grade or group, the buying-in prices and the quantities admitted for intervention are determined under tendering procedures which ensure equal access for all involved.

Each year, the Council lays down the intervention price, taking particular account of the prospects for developments in production and in beef/veal consumption, the situation with regard to the market for milk and dairy products, and experience acquired. As part of the reform of the common agricultural policy (CAP) in 1992, this price has undergone three consecutive 5% cuts. For the marketing year 1996/97 the intervention price is the same as that for 1995/96, namely ECU 347.5/100 kg carcase weight for quality R3 adult male cattle.

In order to reduce the amount of purchasing by intervention agencies, conditions and activating prices for intervention are laid down. Intervention may be activated when, in a Member State or in a region of a Member State, the following two conditions occur simultaneously for two consecutive weeks:

a) the average market price in the Community for the grade or group of grades concerned is below 84% of the corresponding intervention price;

b) the average market price nationally for the grade or group of grades concerned is below 80% of the intervention price.

Buying-in under the normal arrangements may not exceed the following quantities per year for the Union as a whole: 500 000 tonnes in 1997 and 350 000 tonnes from 1998.

Acting as a safety net, a buying-in system relating to all bids presented may be introduced if, for two consecutive weeks:

a) the average market price in the Community for young non-castrated males under two years old or castrated males as defined in the Community scale is below 78% of the intervention price;

b) the average market price in a Member State for these cattle falls below 60% of the intervention price.

In this case, buying-in is carried out for the categories concerned in the Member States or regions in which the price level is below this limit. The quantities bought in under this safety system are not taken into account in applying the maximum quantities for intervention.

The downward trend in beef/veal consumption in the European Union as a whole should increase intervention buying. This trend has been strengthened as a result of the BSE crisis. It is very difficult to predict accurately the extent of the resulting decline in consumption and, therefore, to forecast the costs of buying-in. In the meanwhile, the authorized appropriations have been considerably increased [2].

In order to avoid or mitigate a fall in prices, private storage aid may also be granted. This type of intervention is more flexible both quantitatively and qualitatively. The amount of aid has to be established taking into account the costs arising from storage, either under a tendering procedure or by establishing an all-in price in advance. There are no appropriations planned under *item 1-2110* for 1997.

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[2] Items 1-2113 and 1-2114 relate to the entry in the accounts of the depreciation of stocks. Until 1988, this depreciation was calculated in the year in which the meat was taken out of storage, on the basis of the difference between the value of the goods when put into storage and the value when taken out. Since 1988, for stocks built up during the marketing year, this depreciation is calculated on the basis of the difference between the value of the goods when placed in storage and the estimated value of these goods at the end of the financial year (1-2114). Item 1-2113 represents the difference between this estimated value and the value upon removal from storage, generally during a financial year later than that in which it was placed in storage.

3. Premium system

From 1993 onwards, the premium system has been adjusted to the reduction in intervention prices resulting from the CAP reform. The system is now incorporated into the basic legislation on the market organisation.

There are various premiums:

- *suckler cow premium and special premium*, to offset the loss of income resulting from the reduction in the intervention price introduced under the CAP reform; along with export refunds, these two premiums account for most of the expenditure in the beef/veal sector (approximately 40 % of expenditure forecast for 1996 and 1997);

- *additional premium for suckler cows* in regions where development is lagging behind;

- *deseasonalisation premium* aimed at establishing market equilibrium throughout the year;

- *processing premium* and *premium for the early slaughter of calves* are intended to reduce meat production by removing lighter calves from production or encouraging their marketing, so as to reduce the number of animals fattened for red meat;

- *extensification premium* to promote extensive stock raising.

Item 1-2120: Suckler cow premiums

A producer keeping suckler cows on his farm may, on application, receive a premium for maintaining a herd of suckler cows. This is granted to two categories of producers:

a) those who deliver no milk or dairy products from their farm during a period of 12 months from the date of submission of their application and who keep, for at least six months in succession, a number of suckler cows at least equal to that for which an application for a premium has been made;

b) small dairy farmers (for whom the individual milk reference quantity does not exceed 120 000 kg), provided that they keep, for at least six months, a number of suckler cows at least equal to that for which the premium application has been made.

Entitlement to the premium is restricted by an individual ceiling corresponding to the number of animals for which a premium is granted during a reference year chosen by the Member State. Entitlements may be sold or transferred with or without farms.

The Member States establish an initial reserve with duties levied on producers and a specific reserve for disadvantaged areas. As a temporary measure, steps were taken for 1997 and 1998 to freeze reserve rights arising from under-utilisation by certain producers.

The amount of the premium is laid down under Regulation (EEC) No 805/68 at ECU 144.90 per eligible animal for 1995.

There are two effects which, taken together, explain the variation in appropriations requested under *item 1-2120* for the two financial years:

a) the assumed number of animals for which application for a premium would be made is revised downwards;

b) beginning in the 1997 financial year, expenditure under item 1-2127 for payment of compensation to Portuguese farmers which, in 1996 (= budget 1997), amounted to ECU 12.08/head is included in item 1-2120. *Item 1-2127* is therefore deleted from 1997.

Item 1-2121: Additional premiums for suckler cows

Member States may grant an additional national premium. On holdings in regions regarded as lagging behind in their development, and in Member States particularly specialising in suckler herds, part of this is funded by the EAGGF. This additional premium may not exceed ECU 30.19 per cow, the first ECU 24.15 being chargeable to the EAGGF Guarantee Section. Expenditure forecasts for 1996 were based on applications for premiums for 4 million head in 1995, while the forecast for 1997 is that premium applications will amount to 3.80 million head in 1996. This expected fall in applications does not lead to a reduction of appropriations under *item 1-2121* because it is offset by the rise in the double rate coefficient[3].

Item 1-2122: Special premiums

Producers keeping male cattle on their farms may apply for a special premium. This is granted within ceilings set at regional level under Article 4b of Regulation (EEC) No 805/68 on up to 90 animals per age bracket (10 months and 22 months) per calendar year and per holding. For the 1997/98 marketing year, the payment of this double premium has been replaced by payment of a single premium which is higher in the case of male non-castrated animals.

Where the total number of animals within a region which are the subject of a premium application exceeds the regional ceiling, the number of eligible animals per producer during the calendar year in question is reduced in proportion to the excess.

To qualify for the premium, each animal for which an application is made must be kept for fattening by the producer for at least two months for each age bracket. Member States may choose to grant the premium at the farm or at the time of slaughter.

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3 The average dual rate coefficient is obtained by dividing the agricultural conversion rate by the market rate. For further explanations on monetary questions, see the special edition of *CAP Working Notes* entitled "The Agrimonetary system in the single market".

(4)

The premium is fixed at ECU 108.7 from 1997 for castrated animals and at ECU 135 for non-castrated animals. The appropriations requested in 1997 under *item 1-2122* are 16.4% down on the previous year due to a forecast reduction in applications.

It is important to point out that the number of animals eligible for the special premium or for the suckler cow premium is limited by the application of a density factor of (for 1996) 2.0 "livestock units" (LU) per hectare devoted to forage for the animals for which a premium application has been made.

Item 1-2123: Deseasonalisation premiums

In 1997, producers in Member States where the number of castrated male cattle slaughtered during the period 1 September to 30 November in a single year is more than 35 % of total annual slaughterings of castrated male cattle may qualify for an additional "deseasonalisation" premium. This premium is set at ECU 72.45 for each castrated male bovine animal for which the special premium has already been paid, on condition that slaughter is deferred to the period 1 January to 30 April of the following year. In the Member States with a substantial production of male cattle, this premium is reduced progressively to ECU 18.11 for slaughterings carried out up to the twenty-third week of the following year.

Items 1-2124 and 1-2130: Premiums for fattening young male calves and for the early slaughter of calves

Member States decided that from December 1996 operators would be eligible for:

- a premium of ECU 120 (for a dairy calf) or ECU 150 (for a calf other than a dairy breed) for processing young male calves withdrawn production before they were 20 days old. In 1996 the number of animals slaughtered was 525 000 (the premium, the entire cost of which comes from the Community budget, was applied in the UK, Portugal and France) and/or

- a premium of ECU 60 for young calves whose carcase weight was 15% less than the average weight of calves slaughtered in the Member State concerned.

Item 1-2125: Extensification premiums

Farmers receiving a special and/or suckler cow premium may receive an additional amount of ECU 36 or ECU 52 per premium, provided that the density factor (animals for which a premium is payable and dairy cows kept on the holding in proportion to the utilised forage area) is less than 1.4 or 1 LU per hectare.

Item 1-2126: Exceptional support measures

Following the decisions by the Council of Agriculture Ministers on 1, 2 and 3 April 1996, one of the measures decided upon by the Commission [Regulation (EC) No 716/96 of 19 April 1996), in the context of eradicating BSE, permits the slaughter and destruction of animals, in particular culled animals in the United Kingdom, Portugal and France. The animal's value is established on the basis of the market price prior to the crisis. The Community budget will refund 70% of the value. The Members States concerned will bear the remaining 30% and the costs associated with slaughter and destruction. In 1996, 1 130 000 animals were slaughtered in the United Kingdom. As this destruction is a market measure, and in order to identify it more readily from 1997 onwards, it is intended to fund compensation of the value of the destroyed animals from appropriations under a new *item 1-2126*. The appropriations required are estimated at ECU 319 million, after adjustment for the effects of the double rate, based on aid amounting to ECU 392/head and an assumption of 800 000 applications.

Item 1-2127: Compulsory selective slaughter programme

The new item 1-2127 is intended to cover expenditure relating to the compulsory selective slaughter programme for animals and/or livestock identified as most likely to have been exposed to meat and bone meal infected with BSE. This programme is to be approved by the Commission in accordance with the Standing Veterinary Committee procedure, on the basis of a programme to be presented by the Member States concerned, in particular the United Kingdom. The cost of this measure, 70% co-financed by the Community budget, depends upon the programmes and the amount of individual compensation approved. Given the high degree of uncertainty surrounding this programme, no precise evaluation has been carried out. *Item 1-2127* is give a *pm* (token entry) and will be funded in accordance with requirements by transfers from the temporary reserve in Chapter 1-70. The amount of this reserve is the balance between the guideline and the total of all foreseen agricultural expenditure rather than a precise forecast of expenditure.

Item 1-2128: Additional direct support measures for the sector

This appropriation covers the cost of the additional direct support measures in the bovine animal sector agreed in principle by the Agriculture Council on 30 Octobre 1996 as part of the bovine sector emergency plan to combat the consequences of BSE.

Item 1-2129: Other intervention

Given the difficult circumstances surrounding BSE, and in order to restore consumer confidence in beef and veal, it has been necessary to completely withdraw from the market calves born in the United Kingdom and fattened in France, Belgium and the Netherlands. As a result, the slaughter and destruction of 161 000 calves aged between one and six months, funded at a rate of 70% by the Community budget, was entered in the 1996 budget under item 1-2129. In 1997, *item 1-2129* is given a *token entry*.

Item 1-2130: Premium for the early slaughter of calves (see above: Items 1-2124 and 1-2130)

4. Measures to promote consumption

In order to maintain consumption at a certain level and raise the profile of certain types of meat, promotional measures have been implemented (see Annex). In addition, the Union is continuing to distribute foodstuffs to the more disadvantaged within the Union through social and charitable institutions. In 1996, 6 427 tonnes of beef and veal were distributed in this way.

ANNEX

Promotion measures: Beef/veal

(ECU million)

Appropriations authorised 1996		Appropriations authorised 1997		Variation %	
commitments	payments	commitments	payments	commitments	payments
10	10	12	12	+20	+20

1. TITLE OF OPERATION

Promotion and marketing of quality beef and veal.

2. BUDGET HEADING

B1-38

3. LEGAL BASIS

Council Regulation (EEC) No 2067/92;
Commission Regulation (EEC) No 1318/93.

4. DESCRIPTION OF OPERATION

4.1 General aim of the operation:

To provide information to the consumer about quality beef and veal which has characteristics that are identifiable and verified in order to maintain a satisfactory level of consumption and to upgrade the image of meat which has been produced in accordance with more stringent rules.

4.2 Period covered by the operation and procedures laid down for renewing it

Permanent operation: annual or bi-annual programme.

5. CLASSIFICATION OF EXPENDITURE

5.1 Compulsory expenditure

5.2 Non-differentiated appropriations

6. TYPE OF EXPENDITURE

60% or 40% funding of the real costs for proposals adopted by decision of the Commission from among those put forward by professional or interprofessional organisations via the Member States. The funding rate depends on whether or not there is control of the full set of measures.

7. FINANCIAL IMPACT

7.1 Method of calculating the cost of the measure

Itemised budget in accordance with the eligibility criteria set out in Annex III of the contracts for "indirect management".

7.2 Breakdown by elements of the operation

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

Indirect management:

- quarterly checks by the competent bodies as set out in the standard contract;
- deposit of a secured advance (110%) and performance guarantee (15%);
- where appropriate, on-site audits by the Commission.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific quantifiable objectives, target population

The objective is to ensure that in the medium term about 10-15 % of beef/veal consumption will be covered by these programmes.

The tonnage covered by promotion measures has risen from 150 000 tonnes in 1994 to about 350 000 tonnes in 1997 (about 5 % of consumption).

The operations are targeted at all consumers and are based in particular on publicity campaigns in the media, dissemination of information via the printed media, promotion at points of sale, public relations activities and participation in fairs or exhibitions.

In the framework of the Fourth promotion campagne for quality beef and veal the Commission has just adopted 13 programmes from 10 Member States. Total Community funding amounts to about ECU 11.1 million.

9.2 Justification of the operation

9.3 Monitoring and evaluation of the operation

The two performance indicators for the measure are as follows:

a) the market share for meat as monitored and identified, obtained by comparing the consumption volumes monitored;

b) changes in the image of beef and veal in the mind of the consumer.

The first evaluation reports on the first campaign have just reached the Commission. They show an increase in sales of high-quality meat and the need for long-term action to restore the image of beef and veal and to achieve the objectives set out above.

The need to pursue and reinforce the operation is also clear, given the current situation.

Carrying out this promotion campaign should not lead to a fall in the consumption of the other types of meat. On the contrary, it should raise the image of and stimulate the consumption of meat in general by a knock-on effect.

II - SHEEPMEAT AND GOATMEAT

THE SITUATION OF THE MARKETS

World sheepmeat and goatmeat production, currently estimated at approximately 10 million tonnes annually, appears to be in decline in most of the major production regions in recent years. Production has fallen particularly in New Zealand, Australia and Eastern Europe.

The main reasons for this trend appear to be reduced profitability in comparison to other sectors including milk and forestry and the decreased demand for and value of wool.

World trade continues to be dominated by New Zealand and Australia with exports of 400 000 t and 300 000 t respectively. The European Union is the world's second largest producer after China and its largest importer and consumer. Exports from the Union are negligible.

The number of sheep in the European Union is almost 94 million, with 12 million goats, and the Union is the world's third largest producer of sheepmeat after China and the States comprising the former USSR (Table 1). Recent years have seen a halt in the long-term upward trend in sheepmeat and goatmeat production since 1970 (see Graph). Production has stabilised at a level slightly above 1.1 million tonnes, to which may be added the small amount produced in 1995 by the three new Member States. Forecasts indicate that production in 1996 should show a slight fall compared with 1995. Production is expected to fall by 1.6% to 1 163 000 t in 1996 due, in particular, to a significant fall in UK production which may mark the beginning of a rise in the breeding ewe population there (Tables 2 and 3). Consumption is set to rise marginally to 1 418 000 t as a result of increased consumption in the United Kingdom in the context of the BSE crisis (Table 4).

Intra Community trade rose in 1995 to 270 000 t as exports from the UK in particular continued to expand. In 1996, this figure is likely to decrease significantly due to an increase in domestic lamb consumption in the U.K. France remains the most important recipient of internal trade (Table 5).

In the first three months of 1996, market prices were weak due largely to consumer resistance. Since then, due in very large measure to the difficulties facing the beef industry, demand for lamb has been high with the result that market prices have been very significantly above those of recent years. As a result the average Community market price for lamb in 1996 reached ECU 363 per 100 kg up 16% on 1995 (Table 6).

The Union is not self-sufficient in sheepmeat and goatmeat. It imports live sheep and sheepmeat, in particular from New Zealand which, with Australia, dominates world trade. However, these two countries have to abide by the agreements reached under GATT. At present, these two non-member countries may export to the Union 226 700 and 18 650 tonnes per year respectively under a levy-free tariff quota.

With regard to exports, the Union exports a small amount, about 5 000 tonnes per year. The degree of self-sufficiency is at present getting on for 80%.

Imports into the Union are expected to reach 270 000 t in 1996 up by 6% on 1995 as supplier countries take advantage of the strong market for sheepmeat. New Zealand, in particular, will probably fulfil almost all of its tariff free quantity of 226 700 t. However, despite the buoyant market, Eastern European countries are likely to supply less than in 1995 due to continued depletion of their own sheep flocks (Tables 7 and 8).

Imports into the Community are carried out principally under tariff reduced or free WTO (World Trade Organisation) quotas together with additional quantities provided for in the Europe Agreements. For market management reasons the quotas are managed on a calendar year basis. The total tariff reduced or free import possibility was almost 316 000 t in 1996.

The level of the Community ewe premium in 1995 was ECU 24.821 per ewe and the rural world premium was ECU 6.641 per ewe (see below "The common market organisation", chapter 5). Private storage stocks at the end of 1995 reached 750 t, mainly in Ireland.

In 1996 to date, two advances on the ewe premium have been fixed totalling ECU 12 364.

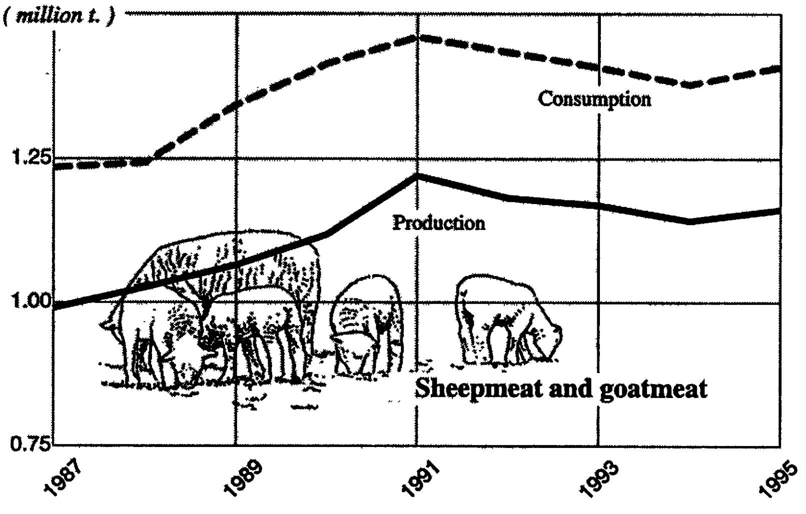
Although the conditions for opening private storage were met on several occasions, it was used during 1996 only for 100 tonnes in Finland.

The outlook for 1997 is for a slight rise in production as producers react to the favourable market situation in 1996 and the depressed market for beef. Consumption should increase marginally as importers also attempt to benefit from the expected good market conditions. Market prices, however, may decline from the high levels of 1996. A similar trend may be forecast for the medium term.

Table 1
Sheep and goat numbers (preceding December)

	1000 head				% of EUR 15	% TAV
	1992	1993	1994	1995	1995	1995 / 1994
1	2	3	4	5	6	7
Sheep						
EUR 15	99170	99542	98220	96652	100,0	-1,6
Belgique/België	129	128	127	119	0,1	-6,3
Danmark	122	102	87	79	0,1	-9,2
BR Deutschland	2488	2386	2369	2340	2,4	-1,2
Elláda	9837	10108	10069	9232	9,6	-8,3
España	24608	24574	23836	23018	23,8	-3,4
France	10639	10380	10452	10320	10,7	-1,3
Ireland	5988	6125	5990	5772	6,0	-3,6
Italia	10435	10439	10461	10681	11,1	2,1
Luxembourg	6	7	7	6	0,0	-14,3
Nederland	1800	1630	1300	1280	1,3	-1,5
Österreich	326	312	334	342	0,4	2,4
Portugal	3380	3348	3305	3416	3,5	3,4
Suomi/Finland	61	62	79	80	0,1	1,3
Sverige (1)	418	447	471	483	0,5	2,5
United Kingdom	28932	29494	29333	29484	30,5	0,5
EUR 12	98365	98721	97336	95747	99,1	-1,6
Goats						
EUR 15	:	12110	12148	12176	100,0	0,2
Belgique/België	9	9	8	8	0,1	0,0
Danmark	0	0	0	0	0,0	x
BR Deutschland	83	88	89	89	0,7	0,0
Elláda	5832	5850	5821	5556	45,6	-4,6
España	2799	2664	2739	2964	24,3	8,2
France	1121	1071	1056	1068	8,8	1,1
Ireland	0	0	0	0	0,0	x
Italia	1314	1344	1378	1448	11,9	5,1
Luxembourg	1	1	1	0	0,0	-100,0
Nederland	77	73	66	73	0,6	10,6
Österreich	41	39	47	50	0,4	6,4
Portugal	862	858	836	819	6,7	-2,0
Suomi/Finland	:	4	5	5	0,0	0,0
Sverige (1)	:	5	5	5	0,0	0,0
United Kingdom	105	104	97	90	0,7	-7,2
EUR 12	12202	12062	12091	12116	99,5	0,2

Source: Eurostat.
(1) Results of June survey.



Source: European Commission, DG for Agriculture.

Table 2
Sheep and goats slaughtered

	1000 head				% TAV	Average carcass weight in kg				% TAV
	1992	1993	1994	1995	1995/1994	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6	7	8	9	10	11
EUR 15**	83951	82190	81257	79993	-1,6	14,1	14,0	14,0	14,2	1,4
BLEU/UEBL	316	238	205	226	10,2	20,1	20,0	20,1	20,2	0,5
Danmark	90	93	83	69	-16,9	22,3	21,5	22,6	21,7	-4,0
BR Deutschland	2274	2206	2109	2069	-1,9	19,3	18,5	19,0	20,2	6,3
Elláda	12492	12459	12494	12531	0,3	10,6	10,4	10,4	10,2	-1,9
España	22845	22305	22566	21976	-2,6	10,8	10,7	10,8	11,0	1,9
France	10005	9796	9257	8706	-6,0	17,2	16,6	16,7	17,0	1,8
Ireland	4357	4701	4417	4264	-3,5	21,7	21,0	21,0	20,8	-1,0
Italia	9755	8901	8552	8443	-1,3	8,8	9,1	9,1	9,0	-1,1
Nederland	723	789	702	643	-8,4	23,7	23,2	24,2	24,6	1,7
Österreich**	267	244	280	280	0,0	22,5	22,5	22,5	21,0	-6,7
Portugal	1372	1302	1338	1288	-3,7	10,2	10,5	10,6	10,6	0,0
Suomi/Finland**	61	63	67	75	11,9	19,8	20,6	20,8	18,8	-9,6
Sverige**	243	229	220	189	-14,1	17,9	18,6	18,5	18,5	0,0
United Kingdom	19151	18864	18967	19234	1,4	18,6	18,5	18,6	18,9	1,6
EUR 12	83380	81654	80690	79449	-1,5	14,0	13,9	14,0	14,1	0,7

Source: Eurostat.

Table 3
Gross internal sheepmeat and goatmeat production

	1000 t				% TAV
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
EUR 15**	1190	1173	1162	1181 **	1,6
BLEU/UEBL	3	3	3	3 **	0,0
Danmark	2	2	2	2	0,0
Deutschland	45	40	39	41	5,1
Elláda	129	125	124	135 **	8,9
España	235	225	238	240 **	0,8
France	156	156	147	147	0,0
Ireland	97	102	99	94 **	-5,1
Italia	59	59	55	54	-1,8
Nederland	28	29	26	22	-15,4
Österreich**	6	6	6	7	16,7
Portugal	27	26	27	30 **	11,1
Suomi/Finland**	1	1	1	2	6,1
Sverige**	4	4	4	4	0,0
United Kingdom	397	399	391	400	2,3
EUR 12	1179	1166	1151	1168 **	1,5

Source: Eurostat.

Table 4
Supply balance - sheepmeat and goatmeat

EUR 15(4)

	1000 t				% TAV
	1992	1993	1994	1995**	1995/1994
1	2	3	4	5	6
Gross internal production	1182	1169	1142	1162	1,8
Imports - live animals (1)	19	15	19	16	-13,5
Exports - live animals (1)	1	1	1	1	-25,0
Intra-EU trade (1)	70	45	42	36	-14,3
Net production	1200	1183	1160	1178	1,6
Change in stocks	-4	:	:	:	x
Imports (2)	243	231	224	237	5,7
Exports (2)	5	6	6	6	-6,3
Intra-EU trade (3)	195	208	225	227	0,9
Internal use	1434	1408	1378	1409	2,2
Gross consumption (kg/head/year)	4,2	4,0	4	4	2,6
Self-sufficiency (%)	82,4	83,0	82,9	82,5	-0,5

Sources: Eurostat and European Commission, Directorate-General for Agriculture.
(1) Carcass weight.
(2) Carcass weight - All trade with the exception of live animals.
(3) All trade in carcass weight, withe the exception of live animals (figures based on imports).
(4) EUR 12.

Table 5
Sheepmeat and goatmeat - EU trade, by species

EUR 15

		A. Live animals, in number (per 1000 head)					B. Live animals converted to meat weight (1000 tonnes carcass weight)	C. Meat (1000 tonnes carcass weight)				
		Pure-bred breeding animals		Other live animals		Total live animals		Fresh or chilled	Frozen	Salted or in brine, dried or smoked	Prepared and preserved	Total sheepmeat and goatmeat (B + C)
		Sheep	Goats	Sheep	Goats							
1	2	3	4	5	6	7	8	9	10	11	12	13
IMPORTS :												
Extra EU	1993 (1)	1,3	0,1	1605,2	2,1	1608,7	15,3	15,2	215,5	0,0	0,0	246,0
	1994 (1)	0,8	0,0	1917,5	20,8	1939,1	18,5	16,1	208,2	0,0	0,0	242,7
	1995	1,2	0,3	1656,2	19,8	1677,5	16,4	17,9	219,4	0,0	0,0	253,8
Intra EU	1993 (1)	40,2	12,2	3550,9	2314,6	5917,9	45,0	186,1	20,4	0,0	0,9	253,2
	1994 (1)	56,7	1,3	3113,5	61,2	3232,7	42,1	198,7	24,8	0,0	0,9	267,2
	1995	67,7	0,5	2660,0	29,7	2757,8	36,1	197,4	28,6	0,0	0,6	262,7
Total	1993 (1)	41,5	12,3	5156,1	2316,7	7526,6	60,3	201,3	235,9	0,0	0,9	499,2
	1994 (1)	57,5	1,3	5031,0	82,0	5171,8	60,6	214,8	233,0	0,0	0,9	509,9
	1995	68,8	0,8	4316,2	49,5	4435,3	52,4	215,3	248,1	0,0	0,6	516,5
EXPORTS :												
Extra EU	1993 (1)	1,2	0,8	46,5	2,4	50,9	1,0	3,9	1,5	0,0	0,1	6,5
	1994 (1)	1,9	0,8	32,8	2,7	38,2	0,8	4,6	1,6	0,0	0,1	7,2
	1995	2,5	1,1	33,5	3,1	40,2	0,6	3,5	2,2	0,0	0,2	6,5
Intra EU	1993 (1)	33,5	0,1	3053,6	26,0	3113,2	46,0	181,7	19,7	0,0	0,5	248,2
	1994 (1)	77,4	0,2	3017,6	42,6	3137,8	45,4	188,7	24,3	0,0	0,7	259,5
	1995	27,3	1,2	2368,1	52,4	2449,1	39,2	206,7	30,6	0,0	0,9	277,4
Total	1993 (1)	34,7	0,9	3100,1	28,4	3164,1	47,0	185,6	21,2	0,0	0,6	254,7
	1994 (1)	79,3	1,0	3050,4	45,3	3176,0	46,2	193,3	25,9	0,0	0,8	266,7
	1995	29,8	2,3	2401,6	55,5	2489,3	39,8	210,2	32,8	0,0	1,1	283,9

Sources: European Commission, Directorate-General for Agriculture and Eurostat.
NB: Coefficients: - Live animals: Carcass weight = Live weight x 0,47
- Boneless meat) Product weight x 1,7 = carcass weight
- Prepared and preserved meat)

(1) EUR 12.

Table 6
Market prices for sheepmeat (1)

	ECU/kg (2)				% TAV (3)
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
Belgique/België	3,402	2,867	3,246	3,558	-9,3
Danmark	2,196	2,044	1,849	2,529	13,4
BR Deutschland	2,729	2,591	2,879	3,297	-4,6
Elláda	3,727	3,077	3,225	3,678	1,8
España	3,292	2,847	3,050	3,357	-3,4
France	2,849	2,758	2,854	3,237	-4,6
Ireland	2,047	2,074	2,283	2,529	-4,9
Italia	3,399	2,927	2,961	3,197	3,8
Nederland	2,907	2,768	2,941	3,550	0,2
Österreich	:	:	:	4,254	x
Portugal	3,251	3,033	3,167	3,822	1,9
Suomi/Finland	:	:	:	2,051	x
Sverige	:	:	:	2,738	x
United Kingdom	2,245	2,295	2,522	2,779	-0,4

Source: European Commission, Directorate-General for Agriculture.

(1) Belgique/België: Average price: 1) moutons extra (carcass weight 30 kg) - schapen extra (30 kg per stuk)
2) agneaux extra (carcass weight 16 kg) - lammeren extra (16 kg per stuk)

Danmark: country Ø: lambs 1st quality.

Deutschland: country Ø: lambs carcass of 'L' - Mastlämmer' quality.

Elláda: country Ø: 76 % amnos galaktos
24 % amnos.

España:

France: country Ø for 'carcasses d'agneaux de boucherie'.

Ireland: country Ø: 70 % prime quality
30 % second quality.

Italia: Average price: 1) agnelloni (approx.20 kg carcass weight) = 36 % (country Ø).
2) agnelli (approx. 10 kg carcass weight) = 64 % (markets: Cagliari, Roma, Napoli, Firenze, L'Aquila).

Nederland: country Ø 'vette lammeren'.

Österreich:

Portugal:

Suomi/Finland:

Sverige: Wholesale prices.

United Kingdom: Ø market prices for sheep qualifying for guaranteed prices (pence/kg net on the hoof).

(2) Slaughter weight.

(3) Calculated on the basis of prices in national currency.

Table 7
Sheepmeat and goatmeat - trade with non-member countries

Q = 1 000 tonnes carcass weight

Reporting countries	1992	%	1993	%	1994	%	1995	%
1	2	3	4	5	6	7	8	9
A. EXPORTS :								
EUR 15	:	:	:	:	:	:	6,5	100,0
BLEU/UEBL	0,0	0,0	0,1	1,5	0,1	1,3	0,0	0,6
Danmark	0,1	1,8	0,1	1,6	0,1	1,5	0,1	1,0
BR Deutschland	0,3	5,5	0,3	4,9	0,3	4,7	0,1	1,5
Elláda	0,2	3,6	0,2	3,7	0,4	6,2	0,4	6,6
España	1,5	27,3	1,9	29,8	1,7	23,6	1,8	27,1
France	0,9	16,4	0,9	14,9	1,1	15,1	1,1	17,6
Ireland	0,1	1,8	0,0	0,1	0,0	0,3	0,2	2,4
Italia	0,3	5,5	0,0	0,1	0,0	0,1	0,0	0,6
Nederland	0,0	0,0	0,2	3,0	0,0	0,5	0,3	5,2
Österreich	:	:	:	:	:	:	0,0	0,3
Portugal	0,0	0,0	0,1	0,9	0,0	0,0	0,0	0,2
Suomi/Finland	:	:	:	:	:	:	0,0	0,1
Sverige	:	:	:	:	:	:	0,1	2,1
United Kingdom	2,1	38,2	2,5	39,5	3,3	46,6	2,3	34,8
EUR 12	5,5	100,0	6,2	100,0	7,2	100,0	6,4	97,5
B. IMPORTS :								
EUR 15	:	:	:	:	:	:	253,8	100,0
BLEU/UEBL	8,6	3,3	11,0	4,5	11,3	4,6	13,6	5,3
Danmark	3,4	1,3	3,9	1,6	4,1	1,7	4,1	1,6
BR Deutschland	40,0	15,3	40,7	16,5	40,0	16,5	40,0	15,8
Elláda	21,8	8,3	17,0	6,9	13,7	5,6	9,3	3,7
España	10,6	4,0	5,0	2,0	5,5	2,3	3,5	1,4
France	21,7	8,3	22,5	9,1	19,8	8,1	18,6	7,3
Ireland	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Italia	25,1	9,6	17,6	7,2	25,6	10,6	21,2	8,3
Nederland	4,7	1,8	6,4	2,6	8,3	3,4	5,1	2,0
Österreich	:	:	:	:	:	:	1,0	0,4
Portugal	7,8	3,0	3,6	1,5	3,9	1,6	2,8	1,1
Suomi/Finland	:	:	:	:	:	:	0,6	0,2
Sverige	:	:	:	:	:	:	2,4	0,9
United Kingdom	118,1	45,1	118,4	48,1	110,6	45,6	131,7	51,9
EUR 12	261,8	100,0	246,0	100,0	242,7	100,0	249,8	98,5

Sources: European Commission, Directorate-General for Agriculture and Eurostat.
NB: Coefficients: Live animals: Carcass weight = live weight x 0,47
Boneless meat) Product weight x 1,7 = carcass weight
Prepared and preserved meat)

Table 8
Imports of sheepmeat (1)

EUR 15	t (2)				% TAV
	1992 (3)	1993 (3)	1994 (3)	1995	1995 / 1994
1	2	3	4	5	6
Total imports					
- New Zealand	209374	202906	196383	208867	x
- Argentina	4580	2883	2943	1350	x
- Australia	16829	15939	15570	18151	x
- Hungary	10823	8466	10123	9556	x
- Bulgaria	2141	2503	3765	3499	x
- Poland	6511	4736	4717	3385	x
- ex Yugoslavia	3189	87	803	715	x
- Uruguay	5025	5508	4458	4280	x
- Romania	507	405	739	748	x
- Other countries	2856	2661	3178	3208	x
Grand total	261835	246094	242679	253754	x

Sources: European Commission, Directorate-General for Agriculture and Eurostat.
(1) Incl. live animals.
(2) Tonnes carcass weight.
(3) EUR 12.

THE COMMON MARKET ORGANISATION

The products covered are:

- live sheep and goats;
- meat: fresh, chilled or frozen;
- offal;
- processed products: meat and offal, salted, dried or smoked, preserved, other.

The common market organisation in the sheepmeat and goatmeat sector, governed by Council Regulation (EEC) No 3013/89, comprises a pricing system and trade arrangements. The marketing year runs from the first Monday in January to the end of the previous day in the same month of the following year.

1. Import and export arrangements

From 1989 (for meat) and 1990 (for live animals), all imports under voluntary restraint agreements or similar autonomous arrangements were free of customs duties and levies. This situated lasted until 1 July 1995, on which date the trade agreements concluded as part of the GATT negotiations entered into force. For meat, the agreement lays down a zero rate of import duty, and for live animals an import duty of 10% under tariff quotas slightly higher than the quantities previously laid down in the voluntary restraint agreements (around 300 000 tonnes compared with around 280 000 tonnes previously). In addition, the customs duty on live animals was substantially reduced and even unilaterally suspended with regard to the countries of central and eastern Europe.

In the past and where necessary in order to permit exports, a refund matching the difference between the prices of the products on the world market and those in the Union could be granted. Thus far, the instrument in question has not been applied. Now, under the new arrangements, it no longer exists. For this reason, no appropriations are entered under *Article 1-220* for either 1997 or 1996 (see Table 2).

2. Price arrangements

Each year, the Council fixes the basic price for fresh or chilled sheep carcases. This makes it possible to calculate the ewe premium and serves as a reference for triggering intervention measures. It is the same for the entire Union. The basic price is seasonally adjusted to take account of seasonal variations on this market. The basic price for 1997 is the same as for 1996, namely ECU 5 040.7/tonne.

Furthermore, since the 1988 marketing year, this basic price has been subject to the "stabiliser" mechanism. For this, a guaranteed maximum quantity for the entire Union has been established at 63 400 000 ewes.

When the size of the ewe herd exceeds the guaranteed maximum quantity in a market year, premiums are reduced by the application to the basic price of a coefficient representing a reduction of 1% in the basic price for each tranche of 1% by which the guaranteed maximum quantity is exceeded. However, since 1993 the basic price reduction coefficient (stabiliser) has been set at 7%, whatever the rate by which the guaranteed maximum quantity is exceeded.

Table 9
Appropriations authorised for 1996 and 1997

(in ECU)[1]

Article Item	Heading	1996 (1)	1997 (2)	Variation % (2/1)
1-220	**Export refunds for sheepmeat and goatmeat**	**pm**	**pm**	**-**
1-221	**Intervention storage of sheepmeat and goatmeat**	**3 000 000**	**3 900 000**	**+30.0**
1-2110	Private storage	3 000 000	3 900 000	+30.0
1-2119	Other intervention storage	pm	pm	-
1-222	**Intervention other than storage of sheepmeat and goatmeat**	**1 294 000 000**	**1 613 500 000**	**+24.7**
1-2220	Ewe and goat premiums	1 294 000 000	1 613 500 000	+24.7
1-2229	*Other intervention*[2]	pm		-
1-223	**Fixed premium**	**391 000 000**	**361 400 000**	**-7.6**
1-229	**Other measures**	**pm**	**pm**	**-**
	TOTAL	**1 688 000 000**	**1 978 800 000**	**+17.2**

Source: Final adoption of the general budget of the European Union for the financial year 1997, OJ L 44 of 14 February 1997.
1 An appropriation of 52 900 000 ecus is entered in Chapter B0-40.
2 Item deleted from 1997 onwards.

3. Aid for private storage

Provision for private storage aid is made if this is necessary to ensure market and price stability. The following procedures may be applied:

- the Commission may decide on private storage aid in a determined quotation area, either by determining a fixed rate of aid or through a tendering procedure, where the market price in this area and the Community market price are less than 90% of the seasonally adjusted basic price and likely to remain so;

- where the Community market price and the market price for a quotation area are less than 70% of the seasonally adjusted basic price, the Commission may decide to initiate a tendering procedure for the granting of private storage aid in the quotation area in question.

The amount of aid granted is therefore determined in accordance with price conditions as set out above, either by determining in advance a fixed rate of aid or by a tendering procedure. For the 1996/97 marketing year, the scope of the procedure determining the amount of aid in advance has been extended with a view to increasing the effectiveness of private storage in cases in which rapid intervention in a quotation area becomes necessary, and in exceptional cases.

4. Intervention other than storage of sheepmeat and goatmeat

Item 1-2220: Ewe and goat premiums

A distinction is made between two types of producer: those who market ewe's milk or any products based thereon (known as light lamb producers) and other producers (heavy lamb producers).

Where necessary to compensate for a loss of income by sheepmeat producers in the Union during a marketing year, a ewe premium is granted. Eligible ewes are at least one year old or have lambed at least once. The loss of income is determined by the difference between the basic price, as adjusted by the stabiliser, and the arithmetic mean of the market prices recorded in the Union during the marketing year. For heavy lamb producers, the amount of premium payable per ewe is obtained by multiplying the loss of income by a technical coefficient expressing the annual average production of lamb per ewe throughout the Union. For light lamb producers, the loss of income is multiplied by a coefficient equivalent to 80% of the technical coefficient in order to obtain the amount of premium.

Each producer receives the premium calculated for his category. However, a producer marketing ewe's milk or milk products may, if he can prove that at least 40% of the lambs born on his farm are fattened into heavy carcases with a view to slaughter, receive the heavy lamb premium for those lambs fattened into heavy carcases.

A premium is also granted for goats in certain mountain areas and less favoured areas if goat-breeding is mainly intended for production.. The unit amount of the goat premium is equivalent to 80% of the ewe premium.

Before the end of each six-month period, the Commission estimates the foreseeable loss of income for the whole marketing year and the foreseeable amount of premium. The Member States are authorised to pay the producers concerned two six-monthly advances of 30% of the foreseeable amount of the premium. The balance is paid at the end of the marketing year, when the final amount of the premium is fixed.

In order to restrict the increase in expenditure in this sector, the Council decided in June 1992 on an individual limit on premiums, each producer being able to receive the ewe (or goat) premium only within the limit of the quantities received for the 1991 marketing year (after deduction of between 1 and 3% to resource a national reserve). Where the number of ewes in a Member State increased between 1989 and 1991, this increase would be added either to each producer's individual limits or to the national reserve.

Up to the end of the 1994 marketing year, the full premium was paid up to a limit of 1 000 animals per producer in less-favoured areas and 500 in the other areas; above these ceilings, 50% of the premium was payable. Since the 1995 marketing year, these ceilings have been abolished, and the Member States have had to recalculate the individual limits in such a way as to ensure that quantities in excess of the limits of 1 000/500 referred to above are reduced by 50%.

However, a derogation to the fixing of limits on individual production was introduced for the new German Länder until the end of the 1995 marketing year. Following a request from the German authorities, based in particular on the observation that the sector was still undergoing restructuring, the Council decided to defer the introduction of individual limits until 2000 at the latest; premiums which would not have been granted at the time of the changeover to the system of individual premiums are to be transferred to the national reserve.

Premiums for a given marketing year are paid in three instalments: two advances of 30% are paid during the marketing year; the first is paid in the financial year during which the marketing year begins and the second, together with the balance, is paid at the end of the marketing year under the following financial year.

The appropriations requested under *item 1-2220* for the 1997 financial year have increased compared with the previous year, primarily due to the standardisation of the timetable for payment of premiums. Exceptionally, payment of the second advance of the ewe premium for the 1995 marketing year (ECU 495 million) was brought forward to the 1995 financial year, thereby reducing payments in 1996. For the 1997 financial year, the appropriations requested include the amounts payable in respect of the second advance and the balance for the 1996 marketing year, and the first advance under the 1997 marketing year.

5. Fixed premium for ewes and goats in less-favoured and mountain areas

Since the 1991/92 marketing year, fixed aid per ewe has been granted under operations in the rural sector for farms in less-favoured and mountain areas. Until 1996, expenditure relating to payment of the fixed premium for ewes and goats in less-favoured and mountain areas was entered in Chapter 38 (item 1-3805). It is now entered in Chapter 22, under the new Article *1-223*. Since the 1992/93 marketing year, the amount of this premium has been set at ECU 6.641/head for ewes (heavy carcases) and ECU 4.589/head for light carcase ewes and goats.

III - PIGMEAT

THE SITUATION OF THE MARKETS

World production of pigmeat was considerably higher in 1995 than in 1994. A total of 83,1 million tonnes were produced, representing an increase of around 4 million on the preceding year (Table 1). China is still the world's leading producer, estimated to account for around 35 million tonnes, followed by the European Union, which produced 15 960 000 tonnes in 1995. Because of the accession of Sweden, Finland and Austria, Union production rose by 5.5% on 1994 levels (Table 2). However, without the three new Member States, it would have fallen by 0.7% (Tables 3 and 4 and Graph). In the United States, the world's third largest producer, production also increased, totalling 8.1 million tonnes in 1995.

The second half of 1995 and, still more, the nine first months of 1996, were very favourable to the interests of the vast majority of pig producers in the Union. Prices rose steadily throughout the entire period, so that profitability was good despite higher rises than expected in animal feed (Table 5). It should be stressed that the effect of bovine spongiform encephalopathy helped to support prices for pigmeat, thanks to an increase in its consumption from the second quarter of 1996 onwards. However, another important reason for the price increase was the fall in the supply of pigmeat in certain regions, above all in the north of the Union. In the first half of 1996 meat production fell, pushing prices up.

An unexpected event threatened the Union markets towards the end of 1995. The Japanese authorities decided to apply a safeguard clause from 1 November 1995 to 30 April 1996 which in practice excluded Community products from the Japanese market. Japan applied the clause in order to limit imports of pigmeat in excess of pre-established ceilings. In order to avoid disturbances of the Union market, a private storage measure for around 50 000 tonnes was introduced by the Commission from the end of November 1995 to mid-February 1996. The Japanese market was open again from 1 April 1996 and Community exports to Japan were possible until 1 July 1996 when the Japanese authorities again introduced the safeguard clause. However, European traders had been able to export a good proportion of the annual export quantities before that date, which helped to keep market prices steady.

In 1995, exports reached a fairly high level, despite the GATT agreements[4] which imposed limits on subsidized exports. 871 000 tonnes left the Union, and around 47% of this quantity was exported without refunds. Overall, exports fell by 10.5% against the record levels of 1994. As to imports, the bulk of pigmeat-derived products enter the Union under association agreements or GATT agreements with preferential rates of duty. The Union's main supplier continues to be Hungary, which accounted for 22 306 of a total of 45 900 tonnes of imports in 1995. In 1996 imports were about 40 000 tonnes and exports some 890 000 tonnes.

Pigmeat production in the Union was 16.1 million tonnes in 1996 and is expected to increase in 1997. Market prices were very high with a favourable period between April and August 1996 (ECU 185/100 kg). From September 1996 on prices dropped to around ECU 145/100 kg. Two linked factors led to the 1996 price increase: One was the opening-up of the Japanese market between April and June which allowed the Union to export in three months the same quantity of meat as was normally disposed of in a year. The other was the BSE crisis, which increased demand for pigmeat.

Table 1
World production and gross domestic production of principal pigmeat-producing or exporting countries

	%				1000 t				% TAV
	1992	1993	1994	1995	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6	7	8	9	10
World	100,0	100,0	100,0	:	72778	75193	78954	:	x
- EUR 12	19,8	20,3	20,1	:	14444	15264	15129	:	x
- EUR 15	:	:	20,3	:	:	:	16005	:	x
- Peop. Rep. China	37,8	39,5	45,0	:	27488	29714	33835	:	x
- U S A	10,7	10,3	10,7	:	7817	7751	8027	:	x
- Russia	3,8	3,2	3,2	:	2783	2432	2400	.	x
- Poland	2,8	2,5	2,1	:	2036	1903	1609	:	x
- Japan	2,0	1,9	1,9	:	1434	1433	1400	:	x
- Brazil	1,8	1,6	1,7	:	1291	1215	1290	:	x
- Canada	1,7	1,6	1,6	:	1209	1192	1205	:	x
- Romania	1,1	1,0	1,0	:	789	750	738	:	x
- Hungary	1,0	0,9	0,8	:	764	710	600	:	x

Source: FAO.

4 For a detailed description of the GATT Agreement see the *CAP Working Notes* special issue "GATT and European agriculture".

Table 2
Supply balance - pigmeat

	1000 t (1)				% TAV
	1992 (2)	1993 (2)	1994 (2)	1995	1995/1994
1	2	3	4	5	6
Gross internal production	14444	15247	15122	15959	x
Imports - Live animals	3,4	0,2	0	0	x
Exports - Live animals	0,0	30,0	30	1	x
Intra-EU trade	492	441	460	:	x
Net production	14441	15277	15159	15960	x
Change in stocks	0	51	-17	0	x
Imports	85	21	24	40 (3)	x
Exports	489	841	887	850 (3)	x
Intra-EU trade	2782	2905	3134	:	x
Internal use	14024	14377	14277	15149	x
Gross consumption in kg/head/year	40,7	41,6	41,1	40,6	x
Self-sufficiency (%)	103,0	106,3	106,2	105,4	x

Source: Eurostat.
(1) Carcass weight.
(2) EUR 12.
(3) Excluding offal and lard.

Table 3
Net pigmeat production (1)

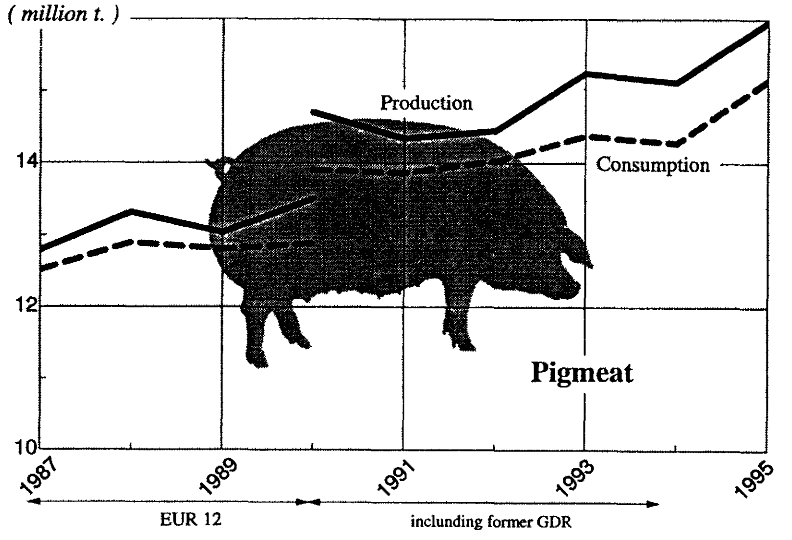
	1000 t				% TAV
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
EUR 15	15247	16062	16036	15959	-0,5
BLEU/UEBL	952	993	1020	1035	1,5
Danmark	1372	1490	1518	1475	-2,8
BR Deutschland	3684	3747	3604	3602	-0,1
Elláda	153	147	145	142	-2,1
España	1912	2081	2102	2175	3,5
France	1903	2034	2125	2144	0,9
Ireland	202	212	215	206	-4,2
Italia	1328	1371	1347	1346	-0,1
Nederland	1585	1747	1673	1622	-3,0
Österreich	463	475	468	456	-2,6
Portugal	265	307	321	310	-3,4
Suomi/Finland	176	169	162	166	2,5
Sverige	278	291	302	309	2,3
United Kingdom	974	998	1034	991	-4,2
EUR 12	14300	15117	15078	15029	-0,3

Source: Eurostat.
(1) Animals of domestic and foreign origin.

Table 4
Number of pigs slaughtered (1)

	1000 head				% TAV	Average carcass weight in kg				% TAV
	1992	1993	1994	1995	1995 / 1994	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6	7	8	9	10	11
EUR 15	181990	190734	190570	188277	-1,2	84,1	84,9	83,9	84,8	1,1
Belgique/België	10428	11087	10852	11294	4,1	90,4	89,5	93,1	91,7	-1,5
Danmark	18236	19723	20361	19873	-2,4	75,3	75,5	74,6	74,2	-0,5
BR Deutschland	40771	41059	40089	39361	-1,8	90,4	91,3	89,9	91,5	1,8
Elláda	2403	2330	2301	2268	-1,4	63,7	63,0	63,1	62,8	-0,5
España	24901	26811	27120	27539	1,5	76,8	77,6	77,5	79,0	1,9
France	22458	24097	24788	24859	0,3	84,7	84,4	85,8	86,2	0,5
Ireland	2964	3070	3023	3003	-0,7	68,1	69,0	69,5	68,5	-1,4
Italia	12259	12241	12134	11992	-1,2	108,3	112,0	111,0	112,2	1,1
Luxembourg	95	108	109	112	2,8	90,4	89,5	89,9	89,6	-0,3
Nederland	18789	20345	19396	18616	-4,0	84,4	85,9	86,3	87,1	0,9
Österreich	5165	5293	5259	4954	-5,8	89,7	89,8	89,0	92,0	3,4
Portugal	3451	4068	4284	4209	-1,8	68,8	70,7	68,2	67,0	-1,8
Suomi/Finland	2312	2235	2126	2066	-2,8	76,1	75,7	74,5	80,5	8,1
Sverige	3423	3647	3688	3743	1,5	81,2	79,8	76,3	82,5	8,1
United Kingdom	14335	14620	15040	14388	-4,3	67,7	68,3	68,7	68,9	0,3
EUR 12	171090	179559	179497	177514	-1,1	84,1	84,9	84,1	84,6	0,6

Source: Eurostat.
(1) Animals of domestic and foreign origin.



Source: European Commission, DG for Agriculture.

Table 5
Market prices for pigmeat (1)

	ECU/100 kg (2)				% TAV (3)
	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6
EUR 15 (4)	:	:	:	138,447	x
Belgique/België	149,562	112,983	115,237	142,391	1,9
Danmark	127,179	96,861	99,023	129,345	7,9
BR Deutschland	140,384	103,872	107,556	143,220	10,3
Elláda	161,595	119,699	123,779	157,233	13,3
España	147,837	108,086	110,413	148,324	14,6
France	141,465	103,248	105,053	138,096	10,2
Ireland	131,890	104,606	102,901	130,982	8,9
Italia	173,732	121,330	114,326	145,160	21,6
Luxembourg	163,273	124,037	121,908	155,422	5,0
Nederland	126,856	89,808	94,550	123,939	8,4
Österreich	:	:	:	143,226	x
Portugal	167,957	115,003	112,740	148,658	11,0
Suomi/Finland	:	:	:	139,335	x
Sverige	:	:	:	125,482	x
United Kingdom	133,284	105,380	102,132	139,405	23,3
EUR 12 (4)	142,355	104,528	106,105	-	x

Source: European Commission, Directorate-General for Agriculture.
(1) Representative markets.
(2) Slaughter weight - Class U. After 1 July 1995, Class E.
(3) Calculated on the basis of prices in national currencies.
(4) Weighted Ø ECU/100kg.

Table 6
Pig numbers (December of previous year)

	1000 head				% of EUR 15	% TAV
	1993	1994	1995	1996	1996	1996 / 1995
1	2	3	4	5	6	7
EUR 15	117093	119269	117503	115268	100,0	-1,9
Belgique/België	6903	6876	6984	7215	6,3	3,3
Danmark	10345	10870	10864	10709	9,3	-1,4
BR Deutschland	26513	26074	24608	23737	20,6	-3,5
Elláda	1099	1143	951	936	0,8	-1,6
España	18219	18188	18296	17583	15,3	-3,9
France	13015	14291	14593	14524	12,6	-0,5
Ireland	1423	1487	1498	1542	1,3	2,9
Italia	8244	8347	8023	7964	6,9	-0,7
Luxembourg	65	72	76	68	0,1	-10,5
Nederland	13709	13991	13931	13958	12,1	0,2
Österreich	3718	3820	3729	3703	3,2	-0,7
Portugal	2547	2665	2416	2400	2,1	-0,7
Suomi/Finland	1309	1300	1332	1395	1,2	4,7
Sverige	2279	2277	2324	2331	2,0	0,3
United Kingdom	7705	7868	7878	7203	6,2	-8,6
EUR 12	109790	111875	110209	108139	93,8	-1,9

Source: Eurostat.

THE COMMON MARKET ORGANISATION

Chapter 1-23 of the budget covers the following products:

- live porcine animals, except purebred breeding animals;
- meat, offal, bacon and fats;
- processed products: preserves, sausages, etc.

The common market organisation in the pigmeat sector is governed by Council Regulation (EEC) No 2759/75, as last amended by Regulation (EC) No 3290/94. The marketing year runs from 1 July to 30 June.

1. Import and export arrangements

In application of the Uruguay Round GATT agreement, all imports of pigmeat have since 1 July 1995 been subject to a customs duty calculated every year and which will be reduced over six years to 64% (-36%) of the average levy of the years 1986-1988 (6% reduction per year). Minimum access quotas have been opened, for which the customs duty is limited to 32% of the basic tariff.

Exports qualify for a refund of the difference between the world market price and the Community price. This is fixed for each product, uniformly throughout the Union. Under the GATT agreement, exports benefiting from refunds must be progressively reduced over six years to 64% in cost terms and 79% in volume terms of the average refunds for 1986-1990.

Forecast expenditure on refunds for pigmeat in 1996 is based on 275 000 tonnes of fresh, chilled or frozen carcases and portions exported, with a refund of ECU 102.6/tonne, and 275 000 tonnes of sausages and preserves exported, with a refund of ECU 253.6/tonne, i.e. a total expenditure of ECU 100 million. The increase in appropriations requested under *Article 1-230* is the result of an increase in the refund rate and a slight shift towards the export of sausages and preserves, which benefit from a higher refund: 190 000 tonnes of fresh or frozen carcases and portions should be exported, with a refund rate of ECU 197.0/tonne, and 332 100 tonnes of sausages and preserves should benefit from an export refund of ECU 313.0/tonne (see Table 7).

Table 7
Appropriations authorised for 1996 and 1997

(in ECU)[1]

Article Item	Heading	1996 (1)	1997 (2)	Variation % (2/1)
1-230	Refunds on pigmeat	100 000 000	134 900 000	+34.9
1-231	Intervention for pigmeat	16 000 000	23 400 000	+46.3
1-232	Exceptional market support measures	10 000 000	9 700 000	-3.0
1-239	Other	pm	pm	-
	TOTAL	126 000 000	168 000 000	+33.3

Source: Final adoption of the general budget of the European Union for the financial year 1997, OJ L 44 of 14 February 1997.

2. Price arrangements

The pigmeat market organisation has two prices:

a) *The basic price*, fixed every year by the Council, indicates the level of market equilibrium prices, that is prices helping to ensure stable prices on the markets without engendering structural surpluses in the Union. The only specific function of the basic price is to serve as a trigger for private storage aid. For the period July 1996-June 1997, the basic price of pigmeat carcases of standard quality was set at ECU 1 509.39/tonne. Following two consecutive reductions in 1994/95 and 1995/96, it remains unchanged at ECU 1 509.39/tonne for 1996/97.

The standard quality to which the basic price refers was amended in 1995/96 from class U to class E (carcases from 60 to less than 120 kg). The latter represents the quality of most pigs slaughtered in the Union and should remain unchanged.

b) *The buying-in price*: this is derived directly from the basic price, fixed by the Commission at between 78 and 92% of the latter for carcases of standard quality. When intervention purchasing is in operation, the intervention agencies buy in at this price.

3. Intervention for pigmeat

Whenever the Community market price for carcases, established on the basis of prices recorded in each Member State on the representative markets of the Union and weighted by coefficients expressing the relative size of the pig herds of each Member State, is below 103% of the basic price and is likely to remain at this level, intervention measures may be decided upon. These measures are taken to avoid or mitigate a significant fall in prices: private storage aid or buying-in carried out at the buying-in price by the intervention agencies. However, public intervention has not been applied since 1971. Private storage aid is the most frequently used form of intervention, on account of the greater flexibility it offers.

The amount of aid is generally set at a flat rate in advance, but may be fixed by tendering procedure. It allows for storage costs, normal quality loss and, as far as possible, a foreseeable increase in the price of the product. In principle, it may not exceed an amount corresponding to the costs which would be involved in storage under public intervention arrangements.

The expenditure foreseen in *Article 1-231*, for 1997 as well as for 1996, is explained by foreseeable contracts covering, in 1997, 65 000 tonnes of meat benefiting from aid at ECU 362.3/tonne.

4. Exceptional market support measures

In order to take account of limitations in trade within the Community or with non-member countries resulting from the application of measures to combat the spread of animal diseases, exceptional market support measures may be taken as far and as long as is strictly necessary. In practice, the national intervention agency of the Member State concerned is authorised to buy up pigs raised in the region concerned in order to exclude them from the normal circuit of products intended for human consumption and to process them into products with other uses/destinations. Appropriations under *Article 1-232* to cover expenditure relating to these exceptional measures are requested on the basis of past experience. They amount to ECU 10 million for 1997.

IV - EGGS AND POULTRYMEAT

THE SITUATION OF THE MARKETS

1. Eggs

World production increased by 4.4% on average from 1991 to 1995. The increase was moderate in the United States and in the European Union but high in China where the rate of expansion was 12% and production triple that of the Union.

Table 1
Egg production

(billion units)

	United States	Mexico	Eastern Europe	Japan	USSR or Russia	China	**EUR 12**	Others	World production
1987	70		34	37	82	118	**81**	90	512
%	13,7		6,6	7,2	16,0	23,0	**15,9**	17,5	100,0
1988	69		34	40	85	139	**82**	89	538
1989	67	18	20	40	85	141	**79**	47	496
1990	68	18	15	40	82	159	**79**	38	500
1991	70	20	13	42	47	184	**83**	69	528
1992	71	20	12	43	43	204	**82**	67	541
1993	72	20	11	43	40	236	**80**	65	568
1994	74	22	11	43	39	260	**82**	64	595
1995	75	22	11	42	38	290	**83**	66	628
%	12,0	3,5	1,8	6,8	6,0	46,2	**13,2**	10,5	100,0
% ARC 95/91	2,0	2,3	-3,9	0,5	-5,2	12,0	**0,0**	-1,1	4,4
							EUR 15		
1995	75	22	11	42	38	290	**88**	61	628
1996							**86**		

1995 : Estimates
1996 : Forecast
Since 1991, the Community figures include the five new German Länder.
Until 1990, USSR; after 1991, Russia.
Sources : European Commission and USDA

World trade was fairly stable from 1990 to 1994. The main importer countries are still Japan (egg products) and Hong Kong (eggs in shell). Community exports rose by 10.5% in 1995 but fell 18% in the first six months of 1996.

Since the mid-1980s, Community egg production (EUR 12) has varied between 4.7 and 5.0 million tonnes, reaching an average of 4.9 million tonnes between 1983 and 1993. Production in 1994 increased slightly to 5.0 million tonnes. In EUR 15, there is a slight increase in production in 1995 to approximately 5.3 million tonnes (Table 2). Production dropped slightly in 1996 (5.2 million tonnes) but rose slightly in 1997.

The number of laying hens on the Community market should fall by nearly 4% in 1996 (Tables 3 and 4). The economic conditions for producers remained very healthy in the first eight months of 1996 compared to the corresponding period the previous year (Table 5).

As regards trade, in terms of quantity the Union (EUR 12) is net exporter (180 000 tonnes as against 47 000 tonnes on average between 1991 and 1994). Imports (EUR 15) reached 15 000 tonnes in 1995, while exports were 207 000 tonnes (Table 6). 1996 estimates are 17 000 tonnes for imports and 175 000 tonnes for exports.

In 1996/97, refunds are subject to a ceiling of 120 600 tonnes (eggs in shell equivalent in 1996/97). As in the case of poultrymeat, this limit has resulted in a targeting of refunds as regards both countries of destination and products.

The association agreements concluded with Poland, Hungary, the Czech Republic, Slovakia and Bulgaria involve an 80% reduction in customs duties for certain egg products. Import quotas at a reduced duty under minimum access arrangements have been opened for an annual volume of 98 805 tonnes in 1996/97.

Human consumption of eggs has been very stable for many years. Since the mid-1980s it has remained around 4.5 million tonnes, or approximately 13 kg per person per year. The degree of self-sufficiency is around 103% (Table 7).

Table 2
Usable poduction of eggs (total eggs)

	1 000 t				% TAV
	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6
EUR 15	5209	5104	5221	5296	1,4
BLEU/UEBL	201	210	244	245	0,4
Danmark	88	87	90	93 **	3,3
BR Deutschland	902	826	843	840 **	-0,4
Ellàda	124	122	121	122 **	0,8
España	602	602	609	649 **	6,6
France	932	938	1007	1026 **	1,9
Ireland	39	37	34	35 **	2,9
Italia	665	642	630	655 **	4,0
Nederland	630	618	623	601 **	-3,5
Österreich	102	102	101	97 **	-4,0
Portugal	103	103	110	121 **	10,0
Suomi/Finland	68	70	72	75	4,2
Sverige	114	112	109	120	10,1
United Kingdom	639	635	628	617 **	-1,8
EUR 12	4925	4820	4939	5004	1,3

Source: Eurostat.

Table 3
Laying hens, numbers

	1000 head				% TAV
	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6
EUR 15	:	354895	358959	357627	-0,4
BLEU/UEBL	11902	12506	12277	12436	1,3
Danmark	3866	4222	5296	4297	-18,9
BR Deutschland	54400	50700	51700	54647 **	5,7
Elláda	16072	15769	15473	15365 **	-0,7
España	46588	45727	46698	47679 **	2,1
France	64400	67700	66500	66766 **	0,4
Ireland	3324	3402	3145	3003 **	-4,5
Italia	51503	49314	48126	48222 **	0,2
Nederland	44991	42234	40868	38162	-6,6
Österreich	6227	6324	6477	5937	-8,3
Portugal	8325	8143	8696	8113 **	-6,7
Suomi/Finland	:	:	5561	5543	-0,3
Sverige	6063	5764	5918	6100	3,1
United Kingdom	43520	43090	42224	41357	-2,1
EUR 12	348891	342807	341003	340047 **	-0,3

Source: Eurostat.

Table 4
Number of utility chicks hatched from laying hens

	1000 head				% TAV
	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6
EUR 15	248325	252575	265585	246306	-7,3
Belgique/België	10576	13345	12497	13632	9,1
Danmark	4946	5001 **	4349 **	3686 **	-15,2
BR Deutschland	41863	41938	45140	43543 **	-3,5
Elláda	3526	3657	4602	2944	-36,0
España	29673	35893	38041	30846 **	-18,9
France	45939	47188	49907	46839	-6,1
Ireland	1474	1283	1416	964	-32,0
Italia	26300	20420	26544	25526	-3,8
Nederland	32669	31455	31604	27109	-14,2
Österreich	5554	6045	5766	4763 **	-17,4
Portugal	5322	6611	5253	4975	-5,3
Suomi/Finland	3367	3442	3485	3215 **	-7,7
Sverige	5341	5190	5319	5529	3,9
United Kingdom	31775	31108	31662 **	32736 **	3,4
EUR 12	234063	237898	251015 **	232799 **	-7,3

Source: Eurostat.

Table 5
Market prices for eggs (1)

	ECU/100 pieces				% TAV (2)
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
Belgique/België	4,244	4,294	3,667	4,072	-8,5
Danmark	6,595	6,909	6,686	7,258	-10,1
BR Deutschland	5,056	5,314	4,561	4,863	-11,6
Elláda	8,528	7,427	7,131	7,931	-0,6
España	6,157	6,311	5,305	5,866	-3,0
France	4,775	4,558	3,701	3,787	-14,1
Ireland	5,465	4,921	5,087	5,386	-5,2
Italia	5,430	4,979	4,654	4,879	0,5
Luxembourg	5,856	6,048	:	:	x
Nederland	4,179	4,284	3,705	4,065	-9,3
Österreich	:	:	:	:	x
Portugal	:	6,099	5,416	5,316	-17,1
Suomi/Finland	:	:	:	:	x
Sverige	1,585**	1,369**	1,521**	1,374	-9,6
United Kingdom	4,880	4,840	4,980	4,976	-9,7

Source: European Commission, Directorate-General for Agriculture.

(1) Eggs: Class IV weight 55 - 60 gr.:

Belgique/België	: Kruishoutem: prix de gros à l'achat, franco marché/groothandelskoopprijs, franco markt.
Danmark	: Engrospris.
Deutschland	: Packstellenabgabepreis, frei Empfänger.
Elláda	: Wholesale prices.
España	: Precio de mercado.
France	: Prix de vente, sortie station.
Ireland	: Dublin: wholesale selling price.
Italia	: Milano: prezzo d'acquisto del commercio all'ingrosso, franco mercato.
Luxembourg	: Prix de gros à la vente, franco détaillant.
Nederland	: Groothandelsverkoopprijs.
Österreich	:
Portugal	: Preços de ovos.
Suomi/Finland	:
Sverige	: Wholesale prices ECU/kg.
United Kingdom	: Eggs Authority: packer to producer price.

(2) Calculated on the basis of prices in national currency.

Table 6
Trade in eggs with non-member countries (1)

(t)

Reporting country	1992	%	1993	%	1994	%	1995	%
1	2	3	4	5	6	7	8	9
A. Exports								
EUR 15	:	:	:	:	:	:	206980	100,0
Belgique/België	7816	5,0	13606	7,4	14635	8,2	13584	6,6
Danmark	2716	1,7	2224	1,2	2542	1,4	1924	0,9
BR Deutschland	36310	23,1	39839	21,7	43936	24,7	33193	16,0
Elláda	448	0,3	654	0,4	958	0,5	1499	0,7
España	6877	4,4	8857	4,8	11269	6,3	16720	8,1
France	15501	9,8	21300	11,6	23671	13,3	26605	12,9
Ireland	0	0,0	252	0,1	126	0,1	85	0,0
Italia	3433	2,2	5435	3,0	5153	2,9	9288	4,5
Nederland	82803	52,6	89622	48,9	74763	42,0	92153	44,5
Österreich	:	:	:	:	:	:	73	0,0
Portugal	261	0,2	102	0,1	166	0,1	318	0,2
Suomi/Finland	:	:	:	:	:	:	6276	3,0
Sverige	:	:	:	:	:	:	3643	1,8
United Kingdom	1220	0,8	1528	0,8	953	0,5	1619	0,8
EUR 12	157385	100,0	183419	100,0	178172	100,0	196988	95,2
B. Imports								
EUR 15	:	:	:	:	:	:	14353	100,0
Belgique/België	1810	6,6	814	2,9	319	1,2	195	1,4
Danmark	4943	17,9	5088	17,9	5971	21,9	2805	19,5
BR Deutschland	6940	25,2	7888	27,7	7284	26,7	6656	46,4
Elláda	138	0,5	118	0,4	237	0,9	17	0,1
España	401	1,5	597	2,1	358	1,3	147	1,0
France	322	1,2	228	0,8	347	1,3	204	1,4
Ireland	10	0,0	0	0,0	6	0,0	26	0,2
Italia	2967	10,8	4213	14,8	4824	17,7	83	0,6
Nederland	8618	31,3	8389	29,5	6756	24,8	2394	16,7
Österreich	:	:	:	:	:	:	540	3,8
Portugal	21	0,1	14	0,0	15	0,1	24	0,2
Suomi/Finland	:	:	:	:	:	:	0	0,0
Sverige	:	:	:	:	:	:	286	2,0
United Kingdom	1385	5,0	1098	3,9	1127	4,1	976	6,8
EUR 12	27555	100,0	28447	100,0	27244	100,0	13527	94,2

Source: Eurostat.
(1) All egg products (eggs-in-shell equivalent).

Table 7
Supply balance - eggs (total eggs)

EUR 15

	1 000 t				% TAV
	1992 (1)	1993 (1)	1994 (1)	1995	1995 / 1994
1	2	3	4	5	6
Usable production	4925	4820	4938	5295	x
Change in stocks	0	1	0	:	x
Imports	28	28	27	15	x
Exports	157	183	178	203	x
Intra-EU trade	658	:	:	:	x
Internal use	4796	4664	4787	5107	x
of which:			:	:	x
- eggs for hatching	333	340	349	364	x
- industrial use	21	22	23	24	x
- losses (market)	19	18	21	21	x
- human consumption	4423	4284	4394	4698	x
Human consumption (kg/head/year)	12,8	12,4	12,6	12,6	x
Self-sufficiency (%)	102,7	103,3	103,2	103,7	x

Source: Eurostat.
(1) EUR 12.

2. Poultrymeat

From 1991 to 1995, world production of poultrymeat increased steadily, by an average of 5.6% a year. Among the main producer regions, the rate of increase was even higher in Brazil and China (annual percentage change: +17%), but production fell in Russia and Japan. Production has started to increase again in Eastern Europe since 1994/95.

Table 8
Poultrymeat production

(1 000 tonnes)

	United States	Brazil	China	Japan	USSR or Russia	Hungary	**EUR 12**	Others	World production
1986	8.262	1.680	1.879	1.421	2.988	445	**5.443**	7.165	29.283
%	28,2	5,7	6,4	4,9	10,2	1,5	**18,6**	24,5	100,0
1987	9.105	1.865	2.040	1.465	3.126	470	**5.784**	7.416	31.271
1988	9.272	1.997	2.744	1.471	3.107	465	**5.997**	7.640	32.693
1989	9.931	2.139	2.820	1.423	3.233	420	**6.108**	6.279	32.353
1990	10.645	2.416	3.229	1.391	3.169	426	**6.336**	6.182	33.794
1991	11.204	2.691	3.950	1.357	1.751	320	**6.766**	7.661	35.700
1992	11.885	2.932	4.540	1.367	1.428	320	**6.932**	8.202	37.606
1993	12.396	3.211	5.736	1.368	1.277	307	**6.915**	8.549	39.759
1994	13.207	3.468	6.600	1.320	1.200	320	**7.259**	8.728	42.102
1995	14.052	3.875	7.400	1.330	1.180	315	**7.555**	8.521	44.449
%	31,6	8,7	16,6	3,0	2,7	0,7	**17,0**	19,2	100,0
% ARC 95/91	5,8	9,5	17,0	-0,5	-9,4	-0,4	**2,8**	2,7	5,6
							EUR 15		
1995	14.052	3.875	7.400	1.330	1.180	315	**7.776**	8.521	44.449
1996							**7.995**		

1995 : Estimates
1996 : Forecast
Since 1991, the Community figures include the new German Länder
Until 1990, USSR; after 1991: Russia
Sources : European Commission and USDA

The world market continued to expand slightly in 1995, thanks in particular to growing demand in Russia, China and Japan. The United States retained first place in the league of exporting countries in 1996 (up 25% in six months), thanks in particular to exports of low-value cuts and various promotional programmes. Community exports increased by 5.1% between 1 July 1995 and 30 June 1996 (the first year in which the Uruguay Round agreements were applied), despite the volume and value limits on refunds.

The poultrymeat sector in the Union has seen considerable expansion in recent decades, from the point of view both of production and of consumption and trade.

Taking the successive enlargements of the Community into account, production grew by 10% annually during the 1960s, and by over 5% during the 1970s and 1980s. During the 1990s it has increased at an average annual rate of 3%. Gross indigenous production in the Union is estimated at 8 million tonnes for 1996 and should reach 8.3 million tonnes in 1997 (Table 10 and 11 and Graph).

Human consumption of poultrymeat also continues to increase. Consumption per person per year rose from 4.8 kg in 1960 to 17.6 kg in 1990. Since 1991, it has varied between 18.5 and 19.0 kg/person/year. Consumption for the European Union is estimated at 7.1 million tonnes in 1995 and should reach 7.2 million tonnes in 1996 (Table 12).

Economic production conditions remained very healthy in the first eight months of 1996 (Table 13).

Poultrymeat qualifies for no support on the internal market. The measures governing trade with third countries have been adapted to comply with WTO (World Trade Organisation) rules: exports with refunds are thus limited to 405 000 tonnes from 1 July 1996 to 30 June 1997. This limit has led to a targeting of refunds as regards both countries of destination and products.

Import quotas at reduced customs duties continue to apply under the association agreements (Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria, the Baltic States). In addition, 15 500 tonnes of boned chicken and 2 500 tonnes of turkeymeat can be imported each year free of customs duty, to which has been added 2 500 tonnes of poultrymeat since 1 July 1996 under the minimum access arrangements.

The union is a net exporter: It imported some 206 000 tonnes of poultrymeat in 1996 and exported 855 000 tonnes. In 1996 imports were around 273 000 tonnes and exports some 853 000 tonnes.

Table 9
Trade in poultrymeat with non-member countries (1)

(t. carcass weight)

Reporting country	1992	%	1993	%	1994	%	1995	%
1	2	3	4	5	6	7	8	9
A. Exports								
EUR 15	:	:	:	:	:	:	842806	100,0
BLEU/UEBL	36082	6,9	42540	6,9	42678	6,2	51262	6,1
Danmark	53612	10,8	66546	10,3	77388	11,3	83163	9,9
BR Deutschland	28288	3,9	38226	5,4	18514	2,7	20627	2,4
Elláda	1043	0,1	7695	0,2	8069	1,2	6706	0,8
España	6571	1,5	6562	1,3	7472	1,1	9002	1,1
France	304639	61,3	359119	58,7	365856	53,5	409145	48,5
Ireland	277	0,0	439	0,1	864	0,1	947	0,1
Italia	3769	0,7	5571	0,7	7601	1,1	19410	2,3
Nederland	54457	8,9	98040	10,5	114496	16,7	172496	20,5
Österreich	:	:	:	:	:	:	526	0,1
Portugal	12994	1,3	10166	2,5	4665	0,7	6869	0,8
Suomi/Finland	:	:	:	:	:	:	611	0,1
Sverige	:	:	:	:	:	:	1043	0,1
United Kingdom	17574	4,5	24547	3,4	36410	5,3	60999	7,2
EUR 12	477707	100,0	519306	100,0	684013	100,0	840626	99,7
B. Imports								
EUR 15	:	:	:	:	:	:	179059	100,0
BLEU/UEBL	3843	3,0	1304	2,4	2139	1,2	2990	1,7
Danmark	29	0,0	51	0,0	1175	0,7	38	0,0
BR Deutschland	90797	60,8	90215	57,4	101977	57,1	104299	58,2
Elláda	1561	1,5	694	1,0	949	0,5	1653	0,9
España	1446	0,5	2434	0,9	1556	0,9	271	0,2
France	11823	8,1	13881	7,5	20293	11,4	15711	8,8
Ireland	2	0,0	12	0,0	3	0,0	2	0,0
Italia	29006	18,7	28152	18,3	25263	14,1	18261	10,2
Nederland	11364	5,9	11155	7,2	20066	11,2	21637	12,1
Österreich	:	:	:	:	:	:	7745	4,3
Portugal	0	0,0	29	0,0	43	0,0	6	0,0
Suomi/Finland	:	:	:	:	:	:	0	0,0
Sverige	:	:	:	:	:	:	550	0,3
United Kingdom	8246	1,5	7004	5,2	5176	2,9	5896	3,3
EUR 12	151511	100,0	158117	100,0	178640	100,0	170764	95,4

Source: Eurostat.

(1) Live animals, expressed as carcass weight (live weight x 0,7), and poultrymeat, including offals, livers and fats of Chapter 02 of CN.

Table 10
Gross internal production of poultrymeat

	1000 t				% TAV
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
EUR 15	7127 **	7116 **	7474 **	7788 **	4,2
BLEU/UEBL	194	204	236	270	14,4
Danmark	160	172	185	184	-0,5
BR Deutschland	604	615	639	655	2,5
Elláda	175	170	172	174 **	1,2
España	858	821	866	889 **	2,7
France	1865	1875	1991	2080	4,5
Ireland	90	90	100	106 **	6,0
Italia	1095	1086	1092	1131 **	3,6
Nederland	574	575	587	610	3,9
Österreich	99 **	102 **	102	99 **	-2,9
Portugal	217	216	226	237 **	4,9
Suomi/Finland	36 **	35 **	39	43	10,3
Sverige	60 **	65 **	75 **	79 **	5,3
United Kingdom	1100	1090	1164	1231 **	5,8
EUR 12	6932	6914	7258	7567	4,3

Source: Eurostat.

Table 11
Number of utility chicks of table strains hatched

	1000 head				% TAV
	1992	1993	1994	1995	1995/1994
1	2	3	4	5	6
EUR 15	:	:	:	:	x
BLEU/UEBL	125634	134966	139578	158254	13,4
Danmark	114689	119850	117693	105335 **	-10,5
BR Deutschland	318351	328026	305064	287065 **	-5,9
Elláda	83954	85752	87638	87042	-0,7
España	529396	513076	563357	589835 **	4,7
France	828216	855260	886208	892109	0,7
Ireland	50025	52954	58130	60634	4,3
Italia	417739	403470	410156	411741	0,4
Nederland	336406	330067	357393	360006	0,7
Österreich	:	:	:	:	x
Portugal	171808	177595	184367	182200	-1,2
Suomi/Finland	:	:	:	:	x
Sverige	:	:	:	:	x
United Kingdom	650919	670447	695253	720977 **	3,7
EUR 12	3627137	3671463	3804837	3855198 **	1,3

Source: Eurostat.

Table 12
Supply balance - poultrymeat

EUR 15

	1000 t (1)				% TAV
	1992 (2)	1993 (2)	1994 (2)	1995	1995 / 1994
1	2	3	4	5	6
Gross internal production	6932	6914	7259	7788	x
Imports - live birds	2	2	3	:	x
Exports - live birds	1	1	2	:	x
Intra-EU trade	150	:	:	:	x
Net production	6933	6915	7260	:	x
Change in stocks	17	11	4	-10	x
Imports	158	155	178	217	x
Exports	519	663	683	856	x
Intra-EU trade	905	:	:		x
Internal use (total)	6555	6396	6751	7159	x
Human consumption (kg/head/year)	18,9	18,4	19	19	x
Self-sufficiency (%)	105,8	108,1	108	109	x

Source: Eurostat.
(1) Slaughter weight.
(2) EUR 12.

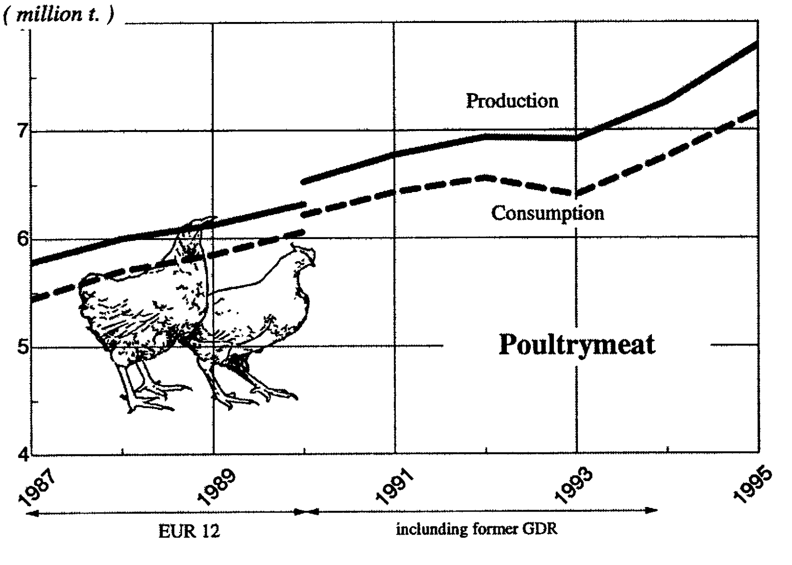


Table 13
Market prices for chickens (1)

	ECU/kg (2)				% TAV (3)
	1992	1993	1994	1995	1995 / 1994
1	2	3	4	5	6
Belgique/België	1,259	1,242	1,240	1,386	-7,9
Danmark	1,343	1,299	1,254	1,069	-0,4
BR Deutschland	1,344	1,288	1,254	1,359	-9,8
Elláda	1,853	1,644	1,638	1,916	4,6
España	1,092	0,983	0,952	0,944	-13,1
France	0,928	0,953	0,999	1,153	-3,4
Ireland	1,776	1,465	1,322	1,577	2,3
Italia	1,316	1,232	1,142	1,072	-10,0
Luxembourg	:	:	:	:	x
Nederland	1,208	1,158	1,126	1,277	-9,7
Österreich	:	:	:	:	x
Portugal	:	1,244	1,072	1,295	1,6
Suomi/Finland	:	:	:	1,084	x
Sverige	2,603**	2,001**	1,880**	1,658	-11,8
United Kingdom	1,323	1,189	1,182	1,272	-3,6

Source: European Commission, Directorate-General for Agriculture.

(1) Belgique/België: Poulets à 70 %, prix de gros à la vente. Kuikens 70 %, groothandelsverkoopprijs. À partir de juillet 1982 prix franco frontière. Vanaf juli 1982 prijs franco grens.
Danmark: Kyllinger, 70 %, slagteri til detailhandel.
Deutschland: Schlachterei - Abgabepreis frei Empfänger, 70 % gefroren.
Elláda: Chondriki timi 70 % (prix de gros).
España: Precio de mercado.
France: Paris-Rungis: poulets, classe A (moyens) 83 %, prix de gros à la vente.
Ireland: Chickens, 70 %, wholesale price.
Italia: Milano: prezzi d'acquisto all'ingrosso, 83 %.
Nederland: LEI: Kuikens 70 % - Groothandelsverkoopprijs.
Österreich:
Portugal: Preço à produção.
Suomi/Finland:
Sverige: Wholesale prices.
United Kingdom: London: Chickens, 83 %, wholesale price.

(2) Slaughter weight.

(3) Calculated on the basis of prices in national currencies.

THE COMMON MARKET ORGANISATION

This chapter covers:

- poultry eggs: in the shell, fresh, preserved or cooked;
- poultry eggs for hatching;
- other birds' eggs, not in their shells, and other egg yolks, liquid, cooked, frozen or dried, with added sugar or other sweeteners;
- live poultry such as cocks, hens, ducks, geese, turkeys and guinea fowl;
- poultry: meat, offal and liver, fresh, chilled or frozen;
- poultry fat and other preparations.

The common market organisation in the eggs and poultrymeat sector is governed by Council Regulations (EEC) Nos 2771/75 and 2777/75 respectively, as last amended by Regulation (EC) No 2916/95.

The basic regulations lay down no guaranteed prices or intervention arrangements on the internal market, but only a set of measures designed to improve the organisation of production, processing and outlets and to achieve an improvement in quality and forecasts.

With regard to trade, the variable import levy system was replaced on 1 July 1995 by a system of fixed customs duties, which will have to be reduced over six years to 64% of the average levy of the years 1986-1988. A special safeguard clause provides for supplementary duties, however, if imported quantities increase too much or if import prices fall too much.

In addition, in order to permit exports on the basis of world market prices, the difference between these prices and prices within the Union may be covered by an export refund. This is the same for the whole Union and may be differentiated according to use/destination. Periodically, the Council fixes the refund in advance, taking into account the need to establish a balance between the use of Community basic products with a view to exporting processed goods to non-member countries and the use of products from these countries under processing arrangements. Under the GATT agreement, refunds will have to be reduced progressively over six years to 64% in cost terms and 79% in volume terms of the average refunds of the years 1986-1990.[5]

Low- or zero-duty imports of eggs amount to approximately 45 000 tonnes. The Union will have to export an equivalent quantity. With regard to low- or zero-duty imports of poultrymeat, these amount to approximately 175 000 tonnes. The Union will have to export an equivalent quantity.

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5 For a detailed description of the GATT Agreement see the *CAP Working Notes* special issue "GATT and European agriculture".

Appropriations authorised for 1996 and 1997

(in ECU)

Article Item	Heading	1996 (1)	1997 (2)	Variation % (2/1)
1-240	Refunds on eggs	16 000 000	18 500 000	+15.6
1-241	Refunds on poultry	144 000 000	119 300 000	-17.2
1-249	Other	pm	pm	-
	TOTAL	160 000 000	137 800 000	-13.9

Source: Final adoption of the general budget of the European Union for the financial year 1997, OJ L 44 of 14 February 1997.

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