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REPORT

drawn up on behalf of the Committee on Agriculture,
Fisheries and Food

on the beef and veal sector

Rapporteur: Mrs S. MARTIN

Ne.-fh.egs.

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PE 94.120/fin.

OF THE

STATE OF

MISSISSIPPI

IN SENATE

January 10, 1901

REPORT

OF THE

COMMISSIONERS

OF THE

LAND OFFICE

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REVENUE

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On 11 September 1984 the European Parliament referred the motion for a resolution tabled by Mr HUTTON on sales of intervention beef to Brazil (Doc. 2-400/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection, the Committee on External Economic Relations and the Committee on Budgetary Control for their opinions. At its meeting of 21 December 1984 the Committee on External Economic Relations decided not to deliver an opinion. At its meeting of 20 November 1984 the Committee on the Environment, Public Health and Consumer Protection decided not to deliver an opinion.

On 11 September 1984 the European Parliament referred the motion for a resolution tabled by Mr HUTTON on a beef promotion scheme (Doc. 2-401/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection and the Committee on Budgets for their opinions. At its meeting of 20 November 1984 the Committee on the Environment, Public Health and Consumer Protection decided not to deliver an opinion. At its meeting of 14 February 1985 the Committee on Budgets decided not to deliver an opinion.

On 11 September 1984 the European Parliament referred the motion for a resolution tabled by Mr FANTON and others on the difficulties caused to the market in beef and veal by the introduction of the new dairy policy in the Community (Doc. 2-413/84/rev.) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets for an opinion. At its meeting of 14 February 1985 the Committee on Budgets decided not to deliver an opinion.

At its meeting of 27 September 1984 the committee responsible decided to draw up a report on the above-mentioned motions for resolutions and at its meeting of 30 October 1984 appointed Mrs MARTIN rapporteur.

On 23 October 1984 the European Parliament referred the motion for a resolution by Mr PRANCHERE and others on the state of, and developments on, the market in beef and veal (Doc. 2-761/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets for an opinion. At its meeting of 31 October 1984 the Committee on Agriculture, Fisheries and Food decided to add this motion for a resolution to the MARTIN report. At its meeting of 14 February 1985 the Committee on Budgets decided not to deliver an opinion.

On 13 November 1984 the European Parliament referred the motion for a resolution by Mr HAPPART on beef and veal (Doc. 2-918/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on External Economic Relations for an opinion. At its meeting of 20 November 1984 the Committee on Agriculture, Fisheries and Food decided to add this motion for a resolution to the MARTIN report. In a letter of 23 November 1984 the Committee on External Economic Relations stated that it would not be delivering an opinion.

On 12 December 1984 the European Parliament referred the motion for a resolution by Mr PASTY and others on the need for urgent measures to deal with the very serious problems currently faced by sheepmeat producers in Limousin (Doc. 2-1069/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on Budgets for an opinion. At its meeting of 17 December 1984 the Committee on Agriculture, Fisheries and Food decided to add this motion for a resolution to the MARTIN report.

On 11 February 1985 the European Parliament referred the motion for a resolution by Mrs LIZIN on the modernization of European slaughter-houses (Doc. 2-1516/84) pursuant to Rule 47 of the Rules of Procedure to the Committee on Agriculture, Fisheries and Food as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection and the Committee on Economic and Monetary Affairs and Industrial Policy for their opinions. At its meeting of 20 February 1985 the Committee on Agriculture, Fisheries and Food decided to add this motion for a resolution to the MARTIN report. At its meeting of 25 April 1985 the Committee on the Environment, Public Health and Consumer Protection decided not to deliver an opinion.

The committee responsible considered the draft report at its meetings of 29 March 1985, 14 May 1985 and 21 May 1985. At the last meeting it adopted the motion for a resolution unopposed with two abstentions.

The following took part in the vote: Mr TOLMAN, chairman; Mr EYRAUD, Mr MICHEL, vice-chairmen; Mrs MARTIN, rapporteur; Mr BATTERSBY, Mr BORGIO, Mr CLINTON, Mr COSTANZO (deputizing for Mr PISONI), Mr DALSSASS, Mr DEBATISSE, Mr DUCARME (deputizing for Mr NIELSEN), Mr FANTON, Mr FRUH, Mr GATTI, Mr HAPPART, Mrs JEPSEN, Mr MacSHARRY, Mr MAHER, Mr MARCK, Mr PASTY (deputizing for Mr MUSSO), Mr PROVAN, Mr RAFTERY (deputizing for Mr BOCKLET), Mr T. ROSSI, Mrs ROTHE, Mr SUTRA, Mr TAYLOR (deputizing for Mr SIMMONDS), Mr THAREAU, Mr VERNIMMEN, Mr WOLTJER, Mr ZAGARI (deputizing for Mrs CRAWLEY) and Mr ZARGES (deputizing for Mr MERTENS).

The opinion of the Committee on Budgetary Control is attached.

The report was tabled on 24 May 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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The Committee on Agriculture, Fisheries and Food hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

A

MOTION FOR A RESOLUTION

on the beef and veal sector

The European Parliament,

- having regard to the motion for a resolution by Mr HUTTON on sales of intervention beef to Brazil (Doc. 2-400/84),
 - having regard to the motion for a resolution by Mr HUTTON on a beef promotion scheme (Doc. 2-410/84),
 - having regard to the motion for a resolution by Mr FANTON and others on the difficulties caused to the market in beef and veal by the introduction of the new dairy policy in the Community (Doc. 2-413/84/rev.),
 - having regard to the motion for a resolution by Mr PRANCHERE and others on the state of, and developments on, the market in beef and veal (Doc. 2-761/84),
 - having regard to the motion for a resolution by Mr HAPPERT on beef and veal (Doc. 2-918/84),
 - having regard to the motion for a resolution by Mr PASTY and others on the need for urgent measures to deal with the very serious problems currently faced by sheepmeat producers in Limousin (Doc. 2-1069/84),
 - having regard to the motion for a resolution by Mrs LIZIN on the modernization of European slaughter-houses (Doc. 2-1516/84),
 - having regard to the report of the Committee on Agriculture, Fisheries and Food and the opinion of the Committee on Budgetary Control (Doc. A2-48/85),
- A. noting that the number of cows and calves has remained stable for more than ten years, that per capita consumption is declining and that the self-sufficiency rate is just over 100%,
- B. noting the sharp drop in market prices in 1984,
- C. noting that stocks rose in the course of 1984 from about 300,000 tonnes to 600,000 tonnes,
- D. whereas the Community beef and veal processing industry is unable to meet the current requirements of European consumers,
- E. noting that preferential imports of beef and veal account for 6% of total beef and veal consumption in the Community,

- F. noting that in 1984 some 20% of market production went to intervention and export,
 - G. whereas the intervention arrangements are lacking in flexibility and make it difficult for those concerned to adjust to the ever-changing market situation,
 - H. noting that incomes in the beef and veal sector have always been lower than the average income for all farmers and that they are still declining,
 - I. whereas there are conflicting views on the evolution of the beef and veal market: while some people warn against a shortage in the medium term, others fear a rise in production as the result of production reorientation within farms to cope with problems in other sectors such as the dairy sector and the cereals sector,
1. Requests the Commission to do everything it can to dispose of stocks in the short term and thereby contribute to putting the beef and veal market in order: at the same time, points to the problem that these stocks cannot be disposed of on the domestic market since this would again have a disruptive influence on the market; proposes that some of these stocks be disposed of in the form of meat preserves as part of a diversified programme of food aid to the developing countries;
 2. Considers that encouragement of the agri-foodstuffs industry could enable a large proportion of production to be disposed of on the internal market;
 3. Demands that any distortion of competition between the Member States be avoided: but considers that the Commission by means of special measures should take into account the dependency of certain regions of the Community on beef and veal;
 4. Notes that the preferential importation agreements were concluded at a time when the Community could not supply its own needs in beef and veal: consequently, requests the Commission to look into the possibility of a review of these agreements taking account of the totally different situation on the European beef and veal market;
 5. Notes that the growing delays in intervention payments lead to distortion of competition and cause producers' incomes to fall;
 6. Requests the Commission to monitor the quality of imported meat, in particular by treating vacuum-packed chilled meat in the same way as deep-frozen meat;
 7. Notes that there are still very great differences in the prices for fresh meat and frozen meat from stocks; believes that an extra boost must be given to the marketing of fresh meat;
 8. Proposes, in order to promote exports,
 - that a more flexible intervention system geared to market needs be introduced,

- that the private storage system be improved,
 - that a programme be implemented to encourage producers to form organizations in order to make it easier to steer production and match supply to demand;
9. Believes that it is essential to promote an effective export policy, in particular by reducing the deadlines for intervention payments, facilitating access to credit and the negotiation of long-term contracts, as well as by encouraging the export of live animals in order to improve the breeding stock in developing countries;
 10. Requests the Commission to look into the possibility of adapting the storage system to the needs of the foreign markets as it is often difficult at present for exporters to satisfy the demand for specific parts of animals from non-Community buyers;
 11. Agrees with the retention of the suckler cow premium: considers, however, that this premium should be increased to make a real contribution to the improvement of the situation on the beef and veal markets; considers this premium to be an incentive for the production of quality beef and veal;
 12. Calls for specific market support measures for unfattened cattle as part of the common organization of the market;
 13. Urges the Commission to promote consumption by sales to the least-favoured sections of society;
 14. Points to the danger of a beef and veal shortage in the medium term and asks the Commission to keep a close eye on the situation and to take the necessary measures to avoid such a shortage when the time comes;
 15. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission.

EXPLANATORY STATEMENT1. INTRODUCTION

In view of the large number of motions for resolutions tabled by Members of the European Parliament pursuant to Rule 47 of the Rules of Procedure on problems in the beef and veal sector, the Committee on Agriculture, Fisheries and Food decided to draw up an own-initiative report on this sector.

The first motion for a resolution, by Mr HUTTON, deals with the problems of sales of intervention beef to Brazil. The author believes that no export refunds should be granted on sales of intervention beef for processing outside the Community, since this in his opinion would put a great many jobs at risk in the Community, as the processed meat subsequently finds its way back to the Community at prices below those at which Community companies can produce a similar product.

Mr HUTTON's second motion for a resolution concerns the need to set up a beef promotion scheme. This scheme, to be financed half by the EAGGF and half by the Member States, would be designed to promote, by means of publicity campaigns, the consumption of fresh and frozen beef.

The motion for a resolution by Mr FANTON and others concerns problems on the meat market caused by the introduction of the quota system in the dairy sector. The Commission is asked to take immediate action regarding slaughtered cattle to restore balance to the market and to penalizing farmers yet again.

The motion for a resolution by Mr PRANCHERE and others deals with the same problem. It also puts forward a number of suggestions for improving the situation on the beef and veal market.

The motion for a resolution by MR HAPPART on beef and veal calls for a number of measures to be taken to prevent the collapse of the beef and veal market.

The motion for a resolution by Mr PASTY and others touches on the difficult situation of stock farmers and calls for measures to improve the situation.

2. THE MARKET ORGANIZATION FOR BEEF AND VEAL

2.1. The common organization of the market in beef and veal, which has been in operation since 1968, is based on the following principles:

- a price scheme whereby guide prices are fixed each year for calves and adult bovine animals;
- support measures comprising buying-in by intervention agencies and aid for private storage;
- trade arrangements whereby duties are imposed on imported products as specified in the common customs tariff and refunds are granted as determined on the basis of the difference between world market prices and prices on the Community market;
- a number of special measures such as the system of premiums for suckler cows, a system of premiums for the slaughter of certain adult bovine animals and a system of premiums for the birth of calves.

2.2. As part of the rationalization of the CAP and the fixing of the farm prices for 1985-86 the Council has decided on an average adjustment of the intervention price for beef and veal of -1% in relation to last year's figure, which, expressed in national currencies and allowing for the adjustment of green rates since the last price decisions, represents an increase of 2.4%. The figure for the increase in 1983-84 was 5.5% in terms of the ECU, representing an increase of 7.6% in national currencies.

At the same time the Council has decided to restrict the buying-in of whole and half carcasses to two months in the autumn, the buying-in of forequarters to five summer months and the buying-in of hindquarters to five winter months. This is to gear arrangements better to actual market conditions.

2.3. As regards related measures, the Council has decided to retain for one more year the variable premium in the UK but with a fixed maximum of 65 ECU and to apply clawback arrangements to all British exports.

The premium for calves is being retained for one more year in Italy, Greece, Ireland and Northern Ireland but the EAGGF contribution is being lowered from 32 ECU to 13 ECU. Italy is allowed to grant a supplementary premium of up to 19 ECU.

The suckler cow premium and the supplementary premium for the keeping of suckler cows is retained at the present level for the whole marketing year.

3. DISCUSSION OF THE BEEF AND VEAL SECTOR (see Annex III)

3.1. The figures for numbers of bovine animals show that there have been no major changes since 1973. From 1965 to 1973 the numbers went up from approximately 69 million to 79 million, and remained at roughly this same level between 1973 and 1984. According to the latest figures available to us, the number of bovine animals remained constant between June 1983 and June 1984 at almost 81 million. Figures for May-June are in every case higher than those for December as autumn is the main slaughtering season (see Annex I).

3.2. Net production of beef and veal in 1962 was 6.7 million tonnes. Community consumption was 6.5 million tonnes, which means that per capita consumption for the Community's population was 24.1 kg. This figure for per capita consumption increased up to 1979, but has steadily fallen since then. In 1982 the Community's self-sufficiency rate was 102% (see Annex II).

3.3. Farmers' incomes in the beef and veal sector have always been lower than the average income for all farmers. After steadying in 1982, real incomes on farms specializing in beef-cattle dropped by about 4%. This drop was mainly due to a considerable increase in production costs, and particularly in feed prices, which was however largely offset by an increase in production itself. The 4% fall for EUR-10 should however be seen as ranging from a fall of 30% for West Germany to an increase of 2% for the UK.

In France the fall was 8%, in Italy 4%, in the Netherlands 12%, in Luxembourg 26% and in Denmark 8%. Real incomes stayed at the same level in Belgium and an increase of 1% was noted in Ireland.

In the explanatory memorandum attached to the price proposals for 1985/86 (COM(85) 50 final, page 8) the Commission explains that incomes from cattle farming declined in real terms in 1984.

4. DEVELOPMENTS ON THE BEEF AND VEAL MARKET

4.1. Since the establishment of measures for monitoring milk production it has become clear that beef and veal production is threatening to get out of hand.

The apparent reason for this is a simple one. The quota arrangements in the dairy sector, together with a whole range of national measures designed to cut back dairy herds, have led to a steep increase in slaughtering and flooding of the market with beef and veal. This argument should however be seen in relation to other developments and account should be taken of the fact that beef and veal production is on the upward side of the beef cycle and this movement will continue in the same direction next year.

A steep increase in the number of animals slaughtered had already been recorded at the end of 1983 and at the beginning of 1984, i.e. before the decisions on the quota system. The dairy quota has reinforced this trend. The estimates are that the number of animals slaughtered in 1984 was 16% up on 1983.

COWS AND HEIFERS SLAUGHTERED

in certain Member States

(x 1,000)

	1st half 1984	2nd half 1984 ¹
Germany	1189 + 12.3	1465 + 22.0
Netherlands	475 + 15.6	525 + 24.1
France	1510 + 6.5	1730 + 18.8
United Kingdom	995 + 18.7	1140 + 14.0
Denmark	272 + 20.9	273 + 2.0

¹ Estimates

Source: National figures

Some estimates indicate a figure of more than 500 000 extra cows slaughtered by the end of 1985 as a result of the cutting-down of dairy herds (see Annex IV).

4.2. The expected increase in meat production for 1984 is between 4 and 5% which represents a production figure of about 7.5 million tonnes. Consumption will certainly not increase as the general economic situation has led to other kinds of meat being preferred to beef and veal. The consumption figure for 1984 is expected to be some 6.8 million tonnes, which means a difference of about 00 000 tonnes between production and consumption.

This situation has led to a considerable drop in market prices, varying between 70 and 80% of the guide price, depending on the Member State, and has brought about a growth of unsold stock from 372,507 tonnes at 31 December 1983 to 604,050 at 31 December 1984 (see Annex V). The increase in supply is seen particularly in countries where the quota arrangements have had the severest impact or where dairy cattle are the largest factor in beef production. Thus, for instance, production increased by about 7% this year in West Germany and the corresponding figure for the Netherlands and the UK could be 9% and 10% respectively.

DEVELOPMENT OF THE MARKET PRICE
IN RELATION TO THE GUIDE PRICE (AVERAGE FOR THE YEAR)

	1979	1980	1981	1982	1983	1984
<u>Market price</u> % Guide price	91.5	89.3	90.1	92.6	86.3	80

5. TRADE

5.1. For some years the figure for intra-community trade has been about 1.4 million tonnes.

5.2. Up to 1983 imports from third countries amounted to about 400 000 tonnes, most of which entered the Community on special terms. The figure of 400 000 tonnes was fixed as the import quota as part of GATT at the end of the sixties when the Community was still a net importer of beef and veal. At the present time the Community is a net exporter and the consolidated quantities have remained the same to this day.

As part of GATT the Community makes available each year tariff quotas for the import of 38,000 heifers and cows of certain mountain breeds at a customs duty of 30% and 5,000 head of bulls, cows and heifers of certain alpine breeds at a customs duty of 4%. A further 50 000 tonnes of frozen beef and veal may also be imported at a customs duty of 20%.

Under the arrangements for what are considered quality cuts the Community has since 1983 imported some 29,800 tonnes from the US, Canada, Australia, Argentina and Uruguay at a customs duty of 20%.

A tariff quota has also been opened for the import of 2,250 tonnes of frozen buffalo meat from Australia at a duty of 20%.

In the context of the ACP-EEC Lomé agreement, arrangements have been made for the importation of 30,000 tonnes of beef and veal from Botswana, Swaziland, Kenya and Madagascar.

Under a trade agreement with Yugoslavia we have to import 40,400 tonnes a year of fresh or cooked beef, baby beef, at a lower rate. An agreement with Austria, Sweden and Switzerland allows for the establishment of specific import levies for live cattle and for fresh and cooked beef and veal.

5.3. In 1983 the Community's main suppliers were:

- the eastern European countries, headed by Poland, Yugoslavia and Czechoslovakia, accounting for almost 80% of the live animals and 20% of total imports;
- the countries of Latin America, headed by Brazil, Uruguay and Argentina, accounting for 90% of imports of frozen meat and more than 60% of total imports;
- Australia and New Zealand, accounting for less than 5% of total imports;
- Austria accounting for a little less than 30% of imports of live animals and about 10% of total imports;
- the ACP countries, headed by Botswana, Swaziland, Kenya and Madagascar, accounting for about 5% of the total imports.

5.4. Exports vary greatly from one year to another, ranging from about 200 000 tonnes to more than 600 000 tonnes. In 1984 exports stood at 900 000 tonnes. Export refunds were not granted for the Pacific Ocean area and the southern hemisphere in general.

5.5. Foreign trade in 1984 showed a surplus of 365,000 tonnes. This surplus is due to a shortfall on the world market of around 500 000 tonnes as a result of the fact that the large producer countries outside the Community are on the downward side of the beef production cycle and because of the great difficulties encountered by some of the established exporter countries, such as the drought in Australia and flooding in South America. As a result the Community has been able to export to new markets.

Exports have also been encouraged by low market prices which led on three occasions to a reduction of the refunds, and the strong dollar, which has meant that the EC price has attained a level quite close to the world market price. Moreover, in 1984 the EC became the world's leading exporter of beef and veal.

Optimism about export markets must be cautious as it is not certain that we shall encounter similar circumstances on the world market in the next few years. It is possible, for instance, that a drop in oil revenue in Saudi Arabia will put a brake on the importation of meat into that country.

Almost 20% of our exports go to Russia, mainly in the form of frozen meat. Just over 5% of exports go to the other eastern European countries.

Almost 30% of our exports go to the countries of North Africa, whilst about 5% go to other African countries.

Almost 15% of our exports go to the countries of the Near and Middle East.

6. DISCUSSION

6.1. The dairy quota scheme is partly responsible for the poor state of affairs in the beef and veal sector. The beef and veal producers have been the victims of an attempt to rationalize dairy production. Despite intervention buying on a massive scale, the average market price has dropped for the first time for some years below 80% of the guide price and this has had an adverse effect on incomes in this sector. Also, one should not forget that the slaughtering of superannuated dairy cows, although it may have had a positive effect on incomes in 1984, should nevertheless be regarded as an irreversible reduction of live capital.

6.2. Imports of beef and veal on preferential terms amounted to 400,000 tonnes in 1984, i.e. 80% of the possible amount of 503,000 tonnes. This is 6% of the Community consumption of beef and veal. Given the present state of self-sufficiency (more than 100%) this has had an adverse effect on prices to the producer and incurs substantial costs for the budget in the form of storage costs and refunds. It is therefore a matter of urgency to review the preferential arrangements in order to provide our own European products with better marketing possibilities.

6.3. The positive and negative MCAs and the existence of a variable slaughter premium in the UK for certain categories of cattle for slaughter produce distortions of competition between the Member States. However, in the course of 1984 the adverse effect of MCAs became less marked. The variable slaughter premium, which represents a veiled export aid payment for the United Kingdom, is no longer retained by the Commission in the 1985/86 price proposals. In exchange for the reduction by 5% of its MCAs on 1 January 1985, West Germany has been given, first in the price decisions (3%) and later at the Fontainebleau summit, permission to grant special aid amounting to 5% of turnover from 1 July 1984. This aid, together with still existing MCAs, is seriously upsetting competition in the beef and veal sector in the Community. In an opinion by Mr WETTIG (PE 91.926/fin.) Parliament's Committee on Agriculture has expressed its disapproval of this compensation arrangement for German farmers.

6.4. The variable slaughter premium already discussed above in 6.2., was dropped by the Commission from the 1985/86 price proposals, as was the premium for the birth of calves. Neither of these premiums was in fact of a Community nature and both indirectly upset competition conditions between the Member States. The premium for keeping suckler cows, which applies in all Member States, is to be kept. This is the only genuinely 'Community' premium which is of benefit to farmers specialising in beef and veal production. The premium, which was 15 ECU during the last marketing year, remains the same for 1985/86 in the Commission's proposal. In order to make a real contribution to improving the situation of the market in beef and veal, this premium should, however, be considerably higher.

CATTLE COUNT (EUR 9)

(x 1,000)

YEAR	DECEMBER	MAY-JUNE
1965	69477	
1966	70739	
1967	71608	
1968	72751	
1969	72811	
1970	71918	
1971	71693	
1972	74823	
1973	78987	
1974	79545	
1975	77537	
1976	77130	
1977	77261	
1978	77840	80628
1979	78021	81196
1980	77445	80903
1981	77113	80199
1982	78006	80331
1983	78679	80824
1984		80899

Source: CHRONOS

VARIOUS FIGURES FOR THE BEEF AND VEAL SECTOR (EUR-10)

YEAR	NET PRODUCTION (1,000 tonnes)	VARIATION IN STOCKS (1,000 tonnes)	TOTAL DOMESTIC CONSUMPTION (1,000 tonnes)
1973	5684	34	6433
1974	6750	191	6640
1975	6747	-4	6667
1976	6668	212	6734
1977	6503	-65	6825
1978	6540	-101	6944
1979	6942	68	7014
1980	7177	-11	6971
1981	6938	-113	6721
1982	6677	22	6565
1983	6909	-	-
1984*	7300	-	-

YEAR	GROSS HUMAN CONSUMPTION (1,000 tonnes)	SELF-SUFFICIENCY (%)	GROSS HUMAN PER CAPITA CONSUMPTION in KG
1973	6427	85	24.2
1974	6634	100	24.9
1975	6661	101	24.9
1976	6725	98	25.1
1977	6819	95	25.4
1978	6938	94	25.8
1979	7007	98	26.0
1980	6965	103	25.7
1981	6715	104	24.8
1982	6565	102	24.1
1983	6604	105	-
1984	6800	107	-

* Estimates

Source: CHRONOS/EUROSTAT

GRAPHIC ANALYSIS OF THE MARKET

Graphs I - V show the market situation for the five categories of adult bovine animals on the basis of the carcase price for the period from the beginning of the 84/85 marketing year to mid-November 1984.

Graph I compares prices for live animals with prices for carcasses. This comparison was rendered possible by multiplying the live weight prices expressed in 100 kg ECU by 1.9 (the usual corrective factor for live meat/carcass conversion).

Two important comments should be made on this comparison:

1. The two curves follow similar paths, very close to each other except in mid-July when they go in opposite directions, for purely technical reasons.
2. Generally speaking, when prices are relatively stable or even rising slightly, there is a tendency for the live market prices to be slightly above the carcass prices. The position is reversed when prices are unsettled or there is a crisis, when the live animal prices are below the carcass prices.

Graph II

Figures for each category of carcass market prices: calculations are based on a weighted average of all the qualities of each category marked week by week on the graph and the EEC figure for each of the five categories taken for the Community scale for the classification of carcasses.

Graph III/IV/V

Graph III Cat. A - YOUNG BULLS

This records for each week since the beginning of the marketing year the price expressed in ECU/100 kg of R3 quality meat, for all the Member States of the Community except Ireland which only forwards R3 prices at irregular intervals.

The Graph also shows the weighted Community average week-by-week for Cat. A, quality R3, and the arithmetical average since the start of April: 327.247 ECU.

The arithmetical average for R3 quality for each of the Member States is given at the top of the Graph.

The fact that not all of the Member States forward figures for the price of Cat. A, young bulls, and that this makes it difficult to produce a weekly weighting, means that this exercise in comparison is based on one very representative quality for which the price is forwarded each week by all the Member States.

- The same method is followed for Graph IV and Category C, steers, again taking the R3 quality, for which the arithmetical average is 315.192.
- The same method again for Graph V and Category D, taking the O3 quality for which the arithmetical average is 240.282 ECU.

Generally speaking, these graphs, taken together, make it possible to gain a better understanding of the development of the market, by following the progress of a representative quality, and the different reactions recorded in each Member State to market support measures.

0 17/19/60 L

Ulande bovine - Hautt bovine animals - Kindfleisch

Price de viande - Market prices - viande pealae

Bovine animals - Commonly used species of cattle - Durchschnittspreis

1959

10.11

20.11

30.11

10.12

20.12

30.12

10.1

20.1

30.1

10.2

20.2

30.2

Ø 4EE DEADWEIGHT CARCASS

Ø CEE / LINE WEIGHT (SEE VIES) CORRECTED WITH 45 CORRECT DMR

REPRODUCED BY THE NATIONAL BUREAU OF ECONOMIC RESEARCH

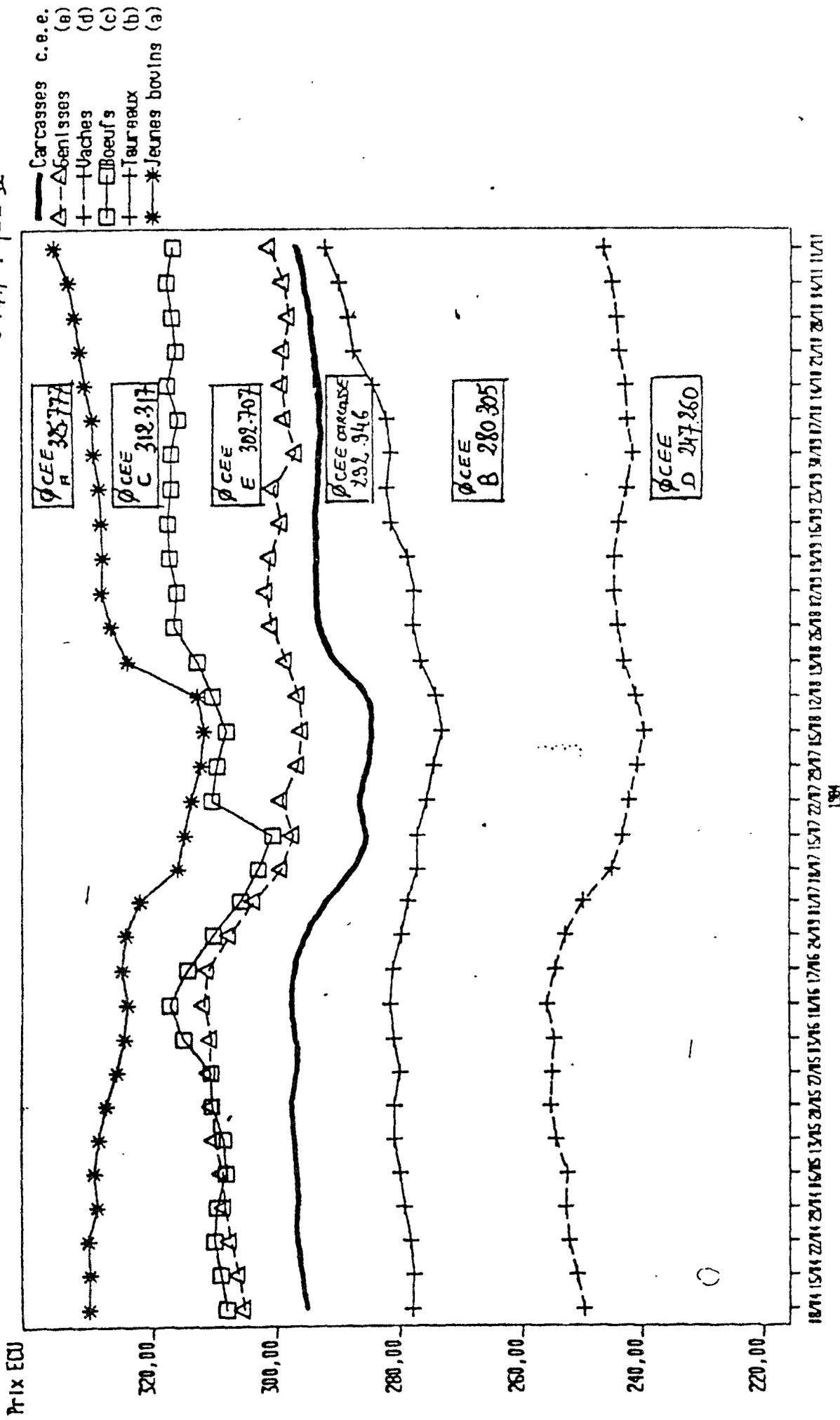
Revised by [unclear]

Viande bovine - Adult bovine animals - Rindfleisch

Prix de marche - Market prices

Moyennes communautaires/Community averages/gemeinschaftliche Durchschnittspreise

GRAPHIQUE II



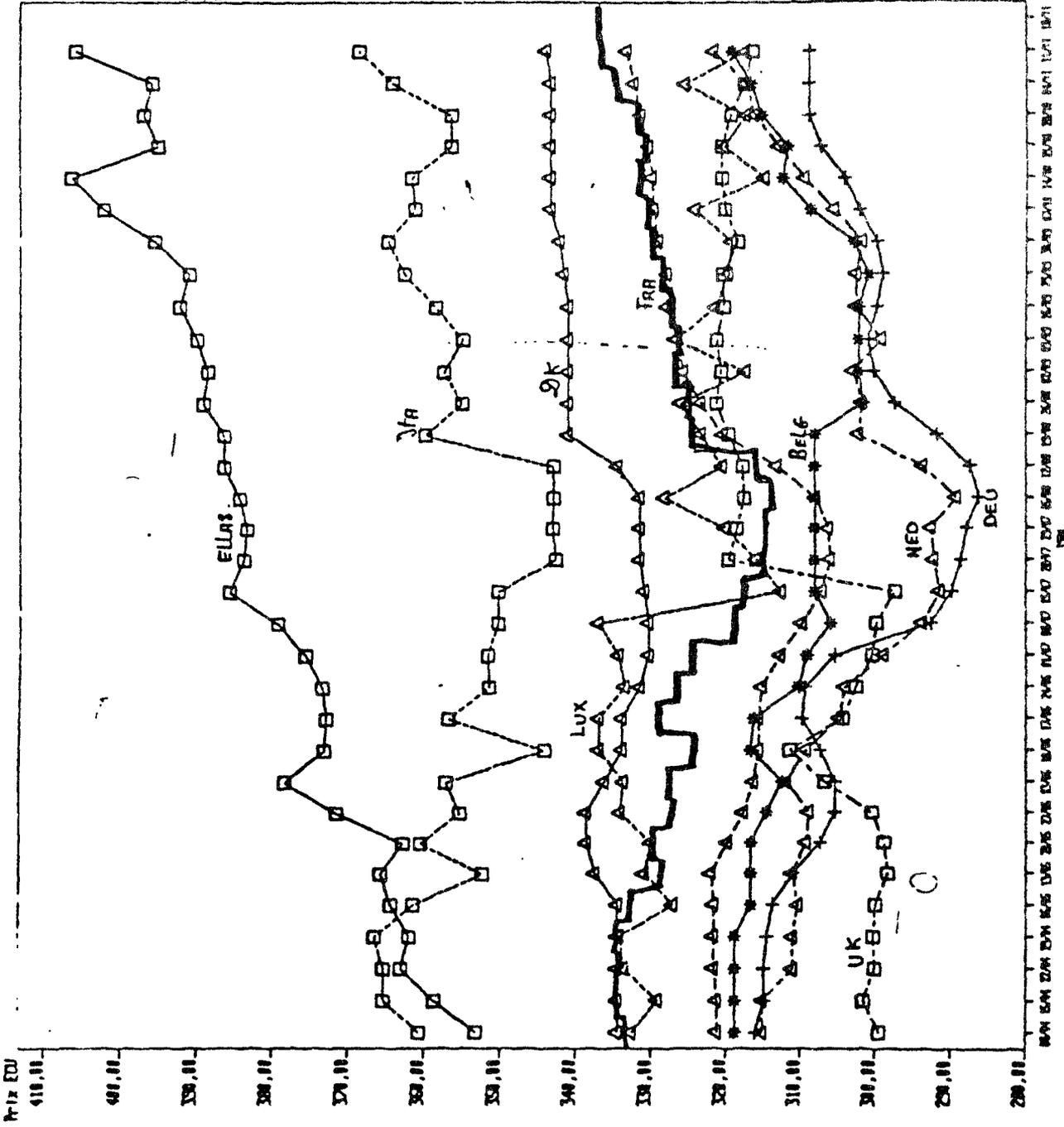
Graphique III

ECU/100 Kg CARCASSE.

Jeunes bovins R3 - Young bulls R3 - Jungbullen R3
 Prix de marche - Market prices - Marktpreise

- Marche communautaire
- * Belgique/Belgie 0 R3 : 311.141
 - △ Allemagne 0 R3 : 337.327
 - + FR Deutschland 303.096
 - Espagne 0 R3 : 381.694
 - △ France 0 R3 : 320.710
 - Grèce 0 R3 : 356.361
 - △ Luxembourg 0 R3 : 326.142
 - △ Pays-Bas 0 R3 : 305.349
 - Royaume-Uni 0 R3 : 311.053

CEE 30 WEEKS
 30 SEMANES
 307-277 Ecus

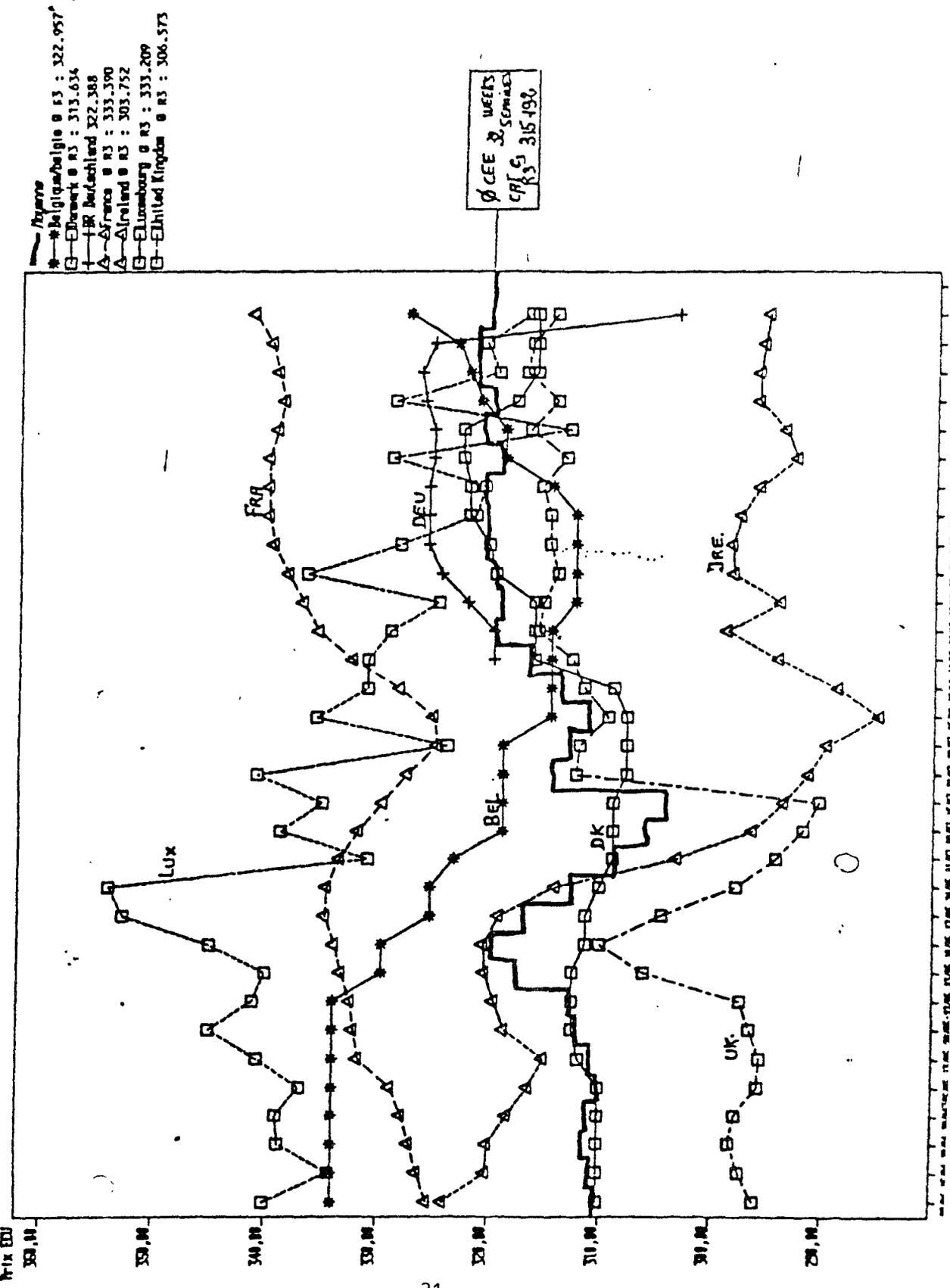


Produced by IIE - 8p 61 2/4 27/1/74

Graphique IV

(ecu/100kg carcasse)

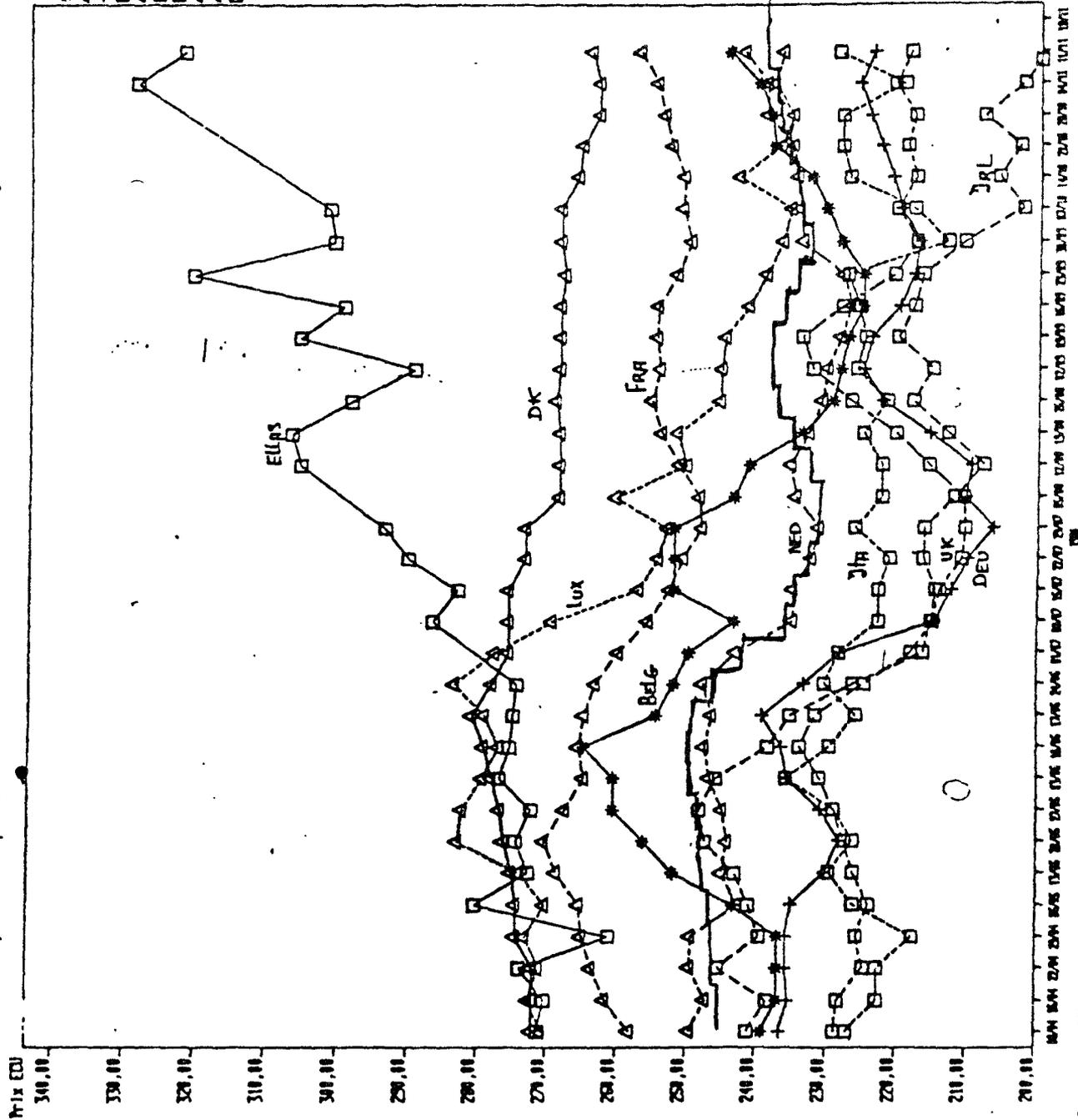
Boeufs R3 - Steers R3 - Ochsen R3
 Prix de marche - Market price - Marktpreis



Graphique V

Uaches 03 - Cows 03 - Kuehe 03
 Prix de marche - Market prices - Marktpreise

(ecu/100kg)



Produced by CEE - 1974/75

EEC - COWS/HEIFERS SLAUGHTERED
January - September 1983-1984 provisional

January February March April May June July August September October November December

Increase 1984/83

in %

Cows	+10.2	+15.6	+7.3	+14.1	+19.2	+12.0	+26.2	+13.8	+16.1		
Heifers	+ 9.0	+12.2	+4.8	+ 8.0	+ 8.5	+ 3.4	+15.7	+ 6.5	+12.8		

Cows	I - IX 1983	:	4,871,800	Heifers	I - IX 1983	:	2,606,400	Total	I - IX 1983	:	7,478,200
	I - IX 1984	:	5,588,100		I - IX 1984	:	2,839,100		I - IX 1984	:	8,427,200
	Difference	+	716,300		Difference	+	232,700		Difference	+	949,000
		=	+ 14.7 %			=	+ 8.9 %			=	+ 12.7 %

BEEF AND VEAL
INTERVENTION PURCHASES AND SALES

tonnes

MEMBER STATES	STOCK AT 31.12.1982		PURCHASES from 1.1.1983		SALES from 1.1.1983		UNSOLD STOCKS		
	Meat with bones	Boneless meat	Total	incl. for deboning	Meat with bones	Boneless meat	Meat with bones	Boneless meat	Total
Belgium (1)	62	-	62	-	82	-	3.501	-	3.501
Denmark (2)	3.473	11.611	15.084	20.318	4.218	11.579	9.650	14.892	24.542
Germany (3)	7.904	12.333	20.267	15.383	31.556	8.387	32.460	14.680	47.133
Greece (4)	-	-	-	-	-	-	429	-	429
France (5)	48.062	3.306	51.368	10.130	90.087	4.909	96.362	7.116	103.478
Ireland (6)	19.668	24.799	44.767	42.610	20.024	17.266	16.624	35.783	52.207
Italy (7)	54.834	-	54.834	-	36.418	-	118.958	-	118.958
Luxembourg (8)	-	-	-	-	-	-	-	-	-
Netherlands (9)	5.487	-	5.487	-	9.420	-	10.097	-	10.097
United Kingdom (10)	6.706	4.971	11.677	15.836	5.753	5.117	1.538	10.624	12.162
Total	146.196	57.050	203.546	104.277	197.558	47.258	289.419	83.095	372.507
Carcass equivalent	146.196	83.897	230.093		197.558	69.497	289.419	122.199	411.618

267.055

(1)(2)(3)(4)(5)(6)(7)(9)(10) As at 31.12.1983
(8) -

**BEEF AND VEAL
INTERVENTION PURCHASES AND SALES**

tonnes

MEMBER STATES	STOCK A 31.12.1983		ACHATS A PARTIR du 1.1.1984		VENTES A PARTIR du 1.1.1984		STOCKS NON VENDUS		Total
	Meat with bones	Boneless meat	Total	incl. for deboning	Meat with bones	Boneless meat	Meat with bones	Boneless meat	
Belgium (1)	3.501	-	3.501	1.967	1.273	-	4.195	-	4.195
Denmark (2)	9.650	14.892	24.542	31.176	4.325	13.745	9.563	20.029	29.592
Germany (3)	32.460	14.676	47.136	74.999	36.597	5.855	52.887	21.247	74.134
Greece (4)	429	-	429	-	429	-	-	-	-
France (5)	90.827	5.521	96.348	168.024	64.913	7.598	176.334	10.199	186.533
Ireland (6)	16.450	38.197	54.647	63.350	1.900	14.575	36.069	51.930	87.999
Italy (7)	118.868	-	118.868	91.936	54.068	-	156.736	-	156.736
Luxembourg (8)	-	-	-	-	-	-	-	-	-
Netherlands (9)	10.097	-	10.097	8.095	333	-	17.859	-	17.859
United Kingdom (10)	1.623	11.059	12.682	50.248	989	6.369	21.876	25.126	47.002
Total	283.905	84.345	368.250	489.795	164.827	48.142	475.519	128.531	604.050
Carcase equivalent	283.905	124.037	407.942		164.827	70.797	475.519	189.016	664.535

235.624

(1) As at 30.11.84
 (2) (3) (4) (5) (6) (7) (9) (10) As at 31.12.1983
 (8) -

MOTION FOR A RESOLUTION (DOCUMENT 2-400/84)

tabled by Mr HUTTON

pursuant to Rule 47 of the Rules of Procedure

on sales of Intervention beef to Brazil

The European Parliament,

- A. whereas at least 100,000 tonnes of "old stock" Intervention Beef have been offered to meat processing plants in Brazil by companies in the European Community;
- B. whereas attempts are being made to obtain a favourable export restitution,
- C. whereas this beef would re-enter the Community after processing at prices below the prices at which companies in the Community could manufacture a similar product,
- D. whereas this would put a great many jobs at risk in the Community,
 1. believes that export restitutions should not be granted on sales of Intervention Beef destined for processing outside the Community;
 2. believes that the European Commission should urgently seek ways of making surplus beef available to Community processors;
 3. believes that the European Commission should actively promote the sales of surplus beef to consumers;
 4. instructs the President to forward this Resolution to the Commission of the European Communities and the Council of Ministers.

MOTION FOR A RESOLUTION (DOCUMENT 2-401/84)

tabled by Mr HUTTON

pursuant to Rule 47 of the rules of Procedure

on a beef promotion scheme

The European Parliament,

- A. whereas it is generally expected that a considerable volume of additional cow beef will be marketed and also that in some Member States the amount of beef going into Intervention will increase as a result of the arrangements agreed for the 1984/85 agricultural year,
- B. whereas extra supplies of both fresh and frozen beef will either have to be eaten within the Community or exported to Third Countries with the aid of Export Restitutions,
- C. whereas the principal restraints on beef consumption at present are:
- a. a belief, exacerbated by the present economic situation, that beef is too expensive,
 - b. quality is inconsistent and too often the beef is tough or lacking in taste,
1. believes that a Regulation on the lines of Regulations 1857/74 and 2930/74 should be introduced to encourage Member States to promote the consumption of beef through advertising and publicity campaigns;
 2. believes the EAGGF should pay only 50% of the cost of these campaigns with the remaining 50% to be borne in the Member States;
 3. believes the campaigns should have three principal objectives:
 - a. to overcome any prejudice about the purchase of frozen beef;
 - b. to educate consumers about the best use, cooking methods and recipes for the less expensive cuts from forequarters from Intervention and from both the hindquarters and forequarters of cow beef;
 - c. to stress the health and energy-giving qualities of beef;
 4. believes that an effective and long term campaign of this kind would cost less than disposing of the additional surplus beef in any other way;
 5. instructs its President to forward this Resolution to the Commission of the European Communities and the Council of Ministers.

MOTION FOR A RESOLUTION (DOCUMENT 2-761/84)

tabled by Mr PRANCHERE, Mr MAFFRE-BAUGE, Mr PIQUET, Mr WURTZ and Mrs DE MARCH
pursuant to Rule 47 of the Rules of Procedure
on the state of, and developments on, the market in beef and veal

The European Parliament,

- A. Whereas one of the consequences of the introduction of the system of milk quotas has been the arrival on the market of large quantities of meat, mainly from dairy cows,
 - B. Whereas farmers are being heavily penalized by the application of the system of milk quotas,
 - C. Whereas they cannot afford another drop in their earnings which have suffered many drastic cuts over many years,
 - D. Whereas there is a shortage of meat in some countries that are normally major suppliers of meat to the world market,
 - E. Whereas Europe must be enabled to play to the full its role as an exporter of beef and veal,
- 1. Calls on the Commission to decide to apply intervention measures immediately to carcasses in order to restore the balance on the market and not penalize farmers again;
 - 2. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

MOTION FOR A RESOLUTION (DOCUMENT 2-761/84)

tabled by Mr PRANCHERE, Mr MAFFRE-BAUGE, Mr PIQUET, Mr WURTZ and Mrs DE MARCH
pursuant to Rule 47 of the Rules of Procedure
on the state of, and developments on, the market in beef and veal

The European Parliament,

- A. whereas the introduction of milk quotas, which involves the slaughter of dairy cows, is having serious repercussions on the market in beef and veal,
- B. whereas the management measures taken by the Commission have had their effect on the market and made it possible to stabilize prices,
- C. whereas, however, these measures are not enough to rationalize the market and ensure an increase in farmers' earnings,
- D. having regard to the difficult situation facing the breeders of unfattened cattle, who are suffering from specific handicaps,
1. Asks the Commission to present to it a study on the short and medium-term repercussions of the implementation of dairy quotas on the market in beef and veal;
 2. Calls for the rapid implementation of supplementary measures to cope with the number of cattle being brought in from pasture and the swifter rate of slaughter of dairy cows, e.g. :
 - prolongation of intervention measures in respect of whole carcasses and their extension to females,
 - boosting exports by increasing refunds and sales to the processing industry,
 - review of preferential import agreements,
 - sale of beef and veal at reduced prices to the neediest sectors of the population;
 3. Proposes the introduction of a support mechanism for the market in unfattened cattle and an increase in the suckler cow premium;
 4. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

MOTION FOR A RESOLUTION (DOCUMENT 2-918/84)

tabled by Mr HAPPART

pursuant to Rule 47 of the Rules of Procedure

on beef and veal (CAP)

The European Parliament,

— whereas the end of the grazing period together with the effects of the quota system in the milk sector necessitate the continuation of existing measures and the adoption of additional appropriate measures to prevent the collapse of the market in beef and veal,

1. Calls for,

a) the use of limited official intervention for cows,

b) the temporary suspension in autumn of the release of beef and veal from intervention for special sales for the processing industry,

c) the review of preferential import agreements,

d) and the encouragement of consumption by a system of reduced-price sales to welfare institutions and to certain social groups,

2. Instructs its President to forward this resolution to the Council, the Commission and the Ministers of Agriculture of the Member States.

MOTION FOR A RESOLUTION (DOCUMENT 2-1069/84)

tabled by Mr PASTY, Mr FANTON, Mr MOUCHEL, Mr GUERMEUR and Mr MUSSO, on behalf of the Group of the EDA

pursuant to Rule 47 of the rules of Procedure

on the need for urgent measures to deal with the very serious problems currently faced by sheepmeat producers in Limousin

The European Parliament,

- A. having regard to the very serious situation faced by beef and veal and sheepmeat producers in the three departments of the Limousin region of France, which deteriorates from day to day,
 - B. whereas the meat market in these regions, both for butcher's meat and unfattened cattle, is continuing to collapse and for certain categories, particularly for unfattened animals, buyers can no longer even be found,
 - C. whereas the loss of income suffered in 1984 has been calculated at 15% for sheepmeat producers and 20% for beef and veal producers,
 - D. whereas this situation is not caused by economic conditions but is due essentially to the rules governing the Community market,
 - E. whereas the decrease in the number of sheep herds which began in 1983, is going to accelerate,
 - F. whereas the increase in the rate of the flat-rate VAT refund granted to farmers in one Member State of the Community introduces further distortion of competition,
 - G. whereas producers in Limousin are in desperate straits and many of them say that they will be materially unable to meet their commitments,
1. Calls for aid to the beef and veal market to be maintained at the present rate until balance is restored to the market;
 2. Calls for the dairy cow premium to be doubled and for it to be paid at the earliest possible moment;
 3. Urges the complete and immediate abolition of quotas for unfattened cattle, which make imports from third countries possible;

4. Calls for the adjustment of the VAT system and the flat-rate VAT refund, if only to harmonize in a fair manner the conditions under which French producers operate by comparison with their counterparts elsewhere in the Community, particularly in Germany;
5. Calls for the introduction of parity between the green rate and the central rate for the franc;
6. Calls for an end to the British practice of using the claw-back mechanism for sheep;
7. Calls for distortion of competition to be reduced by means of an improved evaluation of structural handicaps during the revision of the Community directives currently under discussion;
8. Instructs its President to forward this resolution to the Commission and the Council.

MOTION FOR A RESOLUTION (DOCUMENT 2-1516/84)

tabled by Mrs LIZIN

pursuant to Rule 47 of the Rules of Procedure

on the modernization of European slaughterhouses

THE EUROPEAN PARLIAMENT,

- A. aware of the gradual efforts in each Member State to comply with the standards set out in Directive 83/90/EEC amending Directive 64/433/EEC,
- B. having regard to these efforts, which have given rise in each Member State to major investment expenditure and sometimes difficult arbitration between slaughterhouses capable of being modernized and renovated,
- C. recognizing the unquestionable value of checks carried out by EEC inspectors,
- D. whereas, however, proper respect for health standards and free competition will be possible only if modernization is carried out simultaneously and immediately in each Member State without exception, and whereas reluctance on the part of one State is sufficient to compromise equality of competition,
 - 1. Considers that the European Parliament must be party to a detailed assessment of progress in the modernization of European slaughterhouses;
 - 2. Calls on the Commission to organize, at the end of 1985, a joint mission with the appropriate committee of the European Parliament to assess on the spot, in each Member State, the extent to which improvements have been made.

OPINION

(Rule 101 of the Rules of Procedure)
by the Committee on Budgetary Control

Draftsman: Mrs BARBARELLA

At its meeting of 23-24 April 1985, the Committee on Budgetary Control confirmed the appointment of Mrs BARBARELLA as draftsman of the opinion.

The committee considered the draft opinion at the same meeting; the opinion was adopted unanimously.

The following took part in the vote: Mr AIGNER, chairman; Mr MARTIN and Mrs BOSERUP, vice-chairmen; Mrs BARBARELLA, draftsman; Mr CORNELISSEN, Mr FRUH (deputizing for Mr BARDONG), Mrs FUILLET, Mr GATTI, Mr MARCK, Mr MOUCHEL, Mr PRICE, Mr SCHON, Mr SCHREIBER and Mr TOMLINSON.

1. One of the tasks of the Committee on Budgetary Control is to ensure by monitoring the most economical and cost effective implementation of the budget by the Commission.
2. Over the last few years the Committee on Budgetary Control has increasingly found it necessary to investigate the disposal of Community stocks produced by intervention. As in the case of butter sales, the committee has frequently urged that these should be disposed of in the most cost effective way.
3. Because of the deterioration in the economic situation, consumption of beef in the Community has been falling since 1980. In addition exports declined in 1983 which led to an increase in intervention. Stocks of beef amounted to approximately 410,000 t in December 1983 (twice as much as in the previous year), tying up capital of over 1,000 m ECU. Expenditure in the form of technical costs, financing costs and other costs (mainly the difference between purchase and sales price) amounted in 1983 to some 620 m ECU. Most other expenditure in this sector was for export refunds (828 m ECU in 1983).
4. The following table shows the quantity and value of beef in storage over the last three years:

BEEF						
	Position at 31.12.1981		Position at 31.12.1982		Position at 30.11.1983	
	Quantity (tonnes)	Value (m ECU)	Quantity (tonnes)	Value (m ECU)	Quantity (tonnes)	Value (m ECU)
Beef and veal carcasses	145.9	289.1	155,875	337,683	301,380	762,335
Boned beef and veal	64.2	159.8	61,383	166,332	88,704	280,157
TOTAL	210.1	448.9	217,258	504,015	390,084	1,042,492

Source: OJ No. C 357/83, p. 46 - COM(84) 458 final, p. 91

5. The following table shows the budget expenditure involved since 1978:

Nature of Expenditure	1978	1979	1980	1981	1982	1983
<u>BEEF/VEAL</u>	638.7	748.2	1,363.3	1,436.9	1,158.6	1,736.5
Refunds	145.4	270.2	715.5	825.2	643.5	828.2
Intervention, of which:	493.3	478.0	647.8	611.7	515.1	908.3
- public and private storage	413.0	417.2	504.1	393.1	341.5	632.4
- calf premiums	76.9	60.3	77.7	102.4	74.4	103.0

Source: COM(84 485 final, p. 87

In the current 1984 financial year, the appropriations entered in the budget of 1,371 m ECU will already have been exceeded by more than 500 m ECU as of 31 October 1984.

6. Under these circumstances the export transaction under discussion, insofar as it reduces permanently stocks of beef in the Community and on the further condition that rates of export refund are applied which are appropriate to the market is welcome in the long term from the point of view of relieving pressure on the budget even if the cost of paying the refunds is very high in the short-term.
7. As the import of equivalent qualities of beef cannot be ruled out given that trade with Brazil in this sector is not subject to any restrictions as regards volume, the Commission and the appropriate customs authorities in the Member States must, given the possibility of exported beef being reimported, do everything to make the maximum possible use of the relevant Community legislation. For example proof of marketing in the third country can be demanded on export under Regulation No. 2730/79 (OJ No. L 317, 12 December 1979) if there is a danger of irregularities.
8. In cases of reimports the provisions of Regulation No. 746/76 of 25 February 1976, OJ No. L 89 of 2 April 1976, p. 1 (implementing Regulation No. 2945/76 of 26 November 1976, OJ No. L 355, 4 December 1976, p. 1) are to be applied. These state that in the case of imports within six months no import duty must be paid but the export refund must be paid back. After this period export refund and duty may be payable. After processing in the third country, the provisions of Article 4 of Regulation No. 754/76 apply which specify the level of import duties. Finally, Article 2 of Regulation No. 2945/76 on the concept of returned goods must be applied strictly to prevent abuses. Since for obvious reasons it is extremely difficult, if not impossible, to control reimports, when the goods are exported particular emphasis should be placed on proof of their marketing in the third country.

9. Apart from the considerations of competition law and labour market policy raised in the motion for a resolution, on which the Committee on Budgetary Control cannot comment since they fall outside its terms of reference, the committee supports the demands made in the motion for a resolution to the Commission to encourage the sale of intervention stocks of beef to processing industries on the internal market as a way of reducing stocks. This would also have the advantage that after processing and export of the goods, reimporting would be far more difficult although substitution cannot be ruled out.
10. The committee would also draw attention to the Court of Auditors' report on the statement of the European Council of 18 June 1983 (OJ No. C 287, 24 October 1983) in which the former observes that the beef market has been in imbalance for some time. It is of prime importance that balance be restored between beef production and consumption within the Community. The Commission is urged to submit proposals to this end. In its report of 18 June 1983, the Court of Auditors draws attention chiefly to the consequences of not applying Community preference (import agreements on 400,000 tonnes of meat per year) and the need to export surpluses at a loss. It also points out that intervention leads to a fall in value of meat production at the expense of the Community 'by recycling 300,000 tonnes of meat per year at a loss'.
11. Finally, the additional burden on the beef market as a result of slaughtering following the introduction of milk quotas should also be mentioned as this could lead to a further increase in intervention stocks.

For the reasons set out above the Commission must be extremely careful but also resolute in its management of the beef market as a whole, and in particular the disposal of intervention stocks, above all to avoid building up exceptionally large stocks which would represent a drain on the Community budget for several financial years and to speed up a reduction in stocks. It would seem appropriate if intervention machinery were to be eased somewhat and for there to be strict controls over any possible reimportation (even in a processed state).