

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(94) 472 final  
Brussels, 03.11.1994

## REPORT FROM THE COMMISSION TO THE COUNCIL

concerning application of Council Regulation (EEC) No 2990/82 on the  
sale of butter at reduced prices to persons receiving social assistance

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Proposal for a  
COUNCIL REGULATION (EC)  
amending Regulation (EEC) No 2990/82 on the sale of butter  
at reduced prices to persons receiving social assistance

(presented by the Commission)

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## 1. Background

The market situation for milk in general and for butter in particular has in the past required a whole range of disposal measures notably for butter in order to increase the internal and external sales and consequently diminish the purchases into public intervention storage. The scheme allowing for sale of butter to persons receiving social assistance has been in operation since 1978 and Article 3a of Council Regulation (EEC) No 2990/82, last modified by Regulation (EEC) No 3654/92, requires that the Council, on the basis of a report from the Commission before 31.12.1994, decides whether the subsidized sales under above mentioned regulation is to be continued. Reports previously forwarded to the Council, have on 3 occasions resulted in continuation of the scheme for consecutive two year periods ending 31.12.1994. Up until now the Regulation has only been applied in Ireland, and the following therefore refers to this Member State.

## 2. Criteria for the determination of entitlement

Persons entitled to benefit from the scheme are those in receipt of social assistance payments as defined in Part III, Section 118 of the Social Consolidation Act 1993. This covers the following schemes operated by the Irish Department of Social Welfare and Department for health :

- Old Age Pensions
- Unemployment Assistance
- Widows' and Orphans' Pension
- Deserted Wife's Allowance
- Social Assistance Allowance for Unmarried Mothers
- Prisoner's Wife's Allowance
- Carer's Allowance
- Blind Pension
- Social Welfare (Supplementary Welfare) Allowance
- Disabled Persons (Maintainance) Allowances
- Infectious Diseases (Maintenance) Allowance
- Pre-retirement allowances, Carer's allowance, Blind Pension

## 3. Procedure for implementation and control of the scheme

A system of vouchers entitling two pounds of butter per month to be purchased at the normal retail price, less the amount of the subsidy, are supplied to those persons determined under the criteria set out at point 2 above. Vouchers are also supplied for each qualified dependent of the social assistance recipient. Vouchers are valid for the month they are issued and the following two months.

The system of control involves checks of water marked and security printed vouchers, numbers, amounts, quantities and eligibility of the numbered vouchers. These checks will, together with declarations from the retailers selling the butter and on the spot checks carried out by the competent authorities, ensure that the scheme is not abused.

#### 4. Developments in the butter and yellowfat market in Ireland

In accordance with Article 4(3) of Regulation (EEC) n° 1898/87 the Member States shall forward to the Commission information concerning the developments on the butter and yellow fat market.

The information received from the Irish authorities concerning developments in market shares of butter, low-fat butter, margarine and fat mixtures shows the following development between 1987 and 1993.

<u>Butter</u>	<u>Low-fat butter</u>	<u>Margarine</u>	<u>Fat</u> <u>Mixtures</u>	<u>Total</u>
Year tonnes (%)	tonnes (%)	tonnes (%)	tonnes (%)	tonnes
1987 20,500 (42,4%)	2,000 (4,1%)	14,900 (30,8%)	11,000 (22,7%)	48,400
1988 16,325 (33,8%)	2,750 (5,7%)	14,200 (29,4%)	15,000 (31,1%)	48,275
1989 13,235 (27,4%)	1,860 (3,9%)	15,700 (32,5%)	17,500 (36,2%)	48,295
1990 12,000 (25,3%)	1,575 (3,3%)	15,100 (31,8%)	18,825 (39,6%)	47,500
1991 11,900 (24,6%)	1,575 (3,3%)	14,600 (30,9%)	19,100 (40,4%)	48,300
1992 11,800 (25,0%)	1,575 (3,3%)	13,900 (29,5%)	19,700 (41,8%)	47,100
1993 11,700 (24,8%)	1,575 (3,3%)	13,700 (29,1%)	20,000 (42,5%)	47,100

It is noted that the total yellow fat market between 1987 and 1993 shows a decline of 1,9% while the fat mixtures have taken a continuing higher market share compared to that of butter. The fat mixtures generally contain butter or cream and vegetable fat and have been principally marketed on the basis of improved spreadability vis-à-vis butter. The introduction of reduced and low-fat butters, which incorporate additional milk protein and moisture to reduce the overall fat has also led to a reduction of the market share of full fat butter. However, it is noted that the important yearly decline in the consumption of full fat butter experienced in the 1980's is less significant since 1990.

#### 5. Developments of sales, financial costs and number of beneficiaries

Ireland has operated the aid scheme as provided for in the above mentioned Regulation since 1978 and the scheme has especially during the last years accounted for important shares of the declining internal Irish butter consumption. In 1993 the purchase of around 7.424 tonnes of butter was aided under the scheme and the estimated purchases for 1994 are 7.500t. In 1993 the purchases amounted to more than 60 % of the total Irish butter consumption but accounted for less than 6% of the production and it is expected that these percentages remain practically unchanged in 1994. The maximum aid reimbursed by EAGGF amounts at present to 140 ECU/100 kg resulting in total estimated cost of 10,4 MECU in 1993 and 10,5 MECU in 1994 without taking the monetary adjustment coefficient into consideration.

The development in purchases, financial EAGGF costs and number of beneficiaries since 1978 is indicated below :

	<u>Purchases</u> (in tonnes)	<u>Financial Costs</u> (MECU)	<u>Beneficiaries</u>
1978	66	0.05	n.a.
1979	3.704	2.96	n.a.
1980	3.958	3.17	419.000
1981	3.825	3.06	431.000
1982	4.080	3.26	543.000
1983	4.892	3.91	569.000
1984	4.122	3.30	617.000
1985	5.785	4.63	650.000
1986	5.189	4.15	642.000
1987	5.651	10.06	720.000
1988	6.178	11.00	720.000
1989	6.567	9.85	720.000
1990	6.182	8.40	720.000
1991	6.260	9.39	740.000
1992	7.331	11.00	776.000
1993*	7.424	10.36	834.000
1994*	7.500	10.50	800.000

\* = Provisional

#### 6. Conclusions and recommendations

The application of Council Regulation (EEC) No 2990/82 in Ireland has continued to be a successful means in maintaining sales to the social assistance categories indicated under point 2 (who in the normal course of events would for economic reasons be in the forefront of change to cheaper substitutes).

A reduction in consumption by these categories of consumers could result in sales of butter into intervention. Furthermore, a withdrawal of this long standing benefit from the less well off sectors of society e.g. unemployed persons, old age pensioners, etc. could hardly be defended from a social, market or economic point of view, as well as the favourable public perception of a Community scheme promoting butter sales should not be neglected.

The Commission therefore proposes a continuation of the scheme for an additional two years ending 31 December 1996. Taking account, however, of the policies which the Council has been following with regard to the intervention price for butter which result in reduction in market prices, it is proposed to reduce the aid level by 25 ECU/100kg to 115 ECU/100kg as from 1.1.1995.

Proposal for a  
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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 804/68 of 27 June 1968 on the common organization of the market in milk and milk products<sup>(1)</sup>, as last amended by Regulation (EEC) No 1880/94<sup>(2)</sup>, and in particular Article 12(2) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 2990/82<sup>(3)</sup>, as last amended by Regulation (EEC) No 3654/92<sup>(4)</sup>, introduces arrangements, expiring on 31 December 1994, for the sale of butter at reduced prices to persons receiving social assistance; whereas, as provided for in Article 3a(3) of that Regulation, the Council is to examine before that date and on the basis of a report from the Commission the possibility of renewing the arrangements laid down; whereas, as a result of the report submitted by the Commission and the results obtained, the abovementioned arrangements should be extended for a period of two years; whereas, in view on the one hand of experience gained and on the other hand of the situation on the market for butter, the aid should be reduced,

HAS ADOPTED THIS REGULATION:

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(1) OJ No L 148, 28.6.1968, p. 13.  
(2) OJ No L 197, 30.7.1994, p. 21.  
(3) OJ No L 314, 10.11.1982, p. 26.  
(4) OJ No L 370, 19.12.1992, p. 1.

Article 1

Regulation (EEC) No 2990/82 is hereby amended as follows:

1. In Article 1, "31 December 1994" is replaced by "31 December 1996".
2. In Article 3, "140 ECU" is replaced by "ECU 115".
3. In Article 3a(3), "31 December 1994" is replaced by "31 December 1996".

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

# FINANCIAL STATEMENT

 Date: [REDACTED]

1. BUDGET HEADING: Chapter B1-2049

 APPROPRIATIONS: ECU 15 million  
(1995 APB)

2. TITLE: Proposal for a Council Regulation amending Regulation (EEC) No 2990/82 on the sale of butter at reduced prices to persons receiving social assistance

3. LEGAL BASIS: Article 12(2) of Regulation (EEC) No 804/68

## 4. AIMS OF PROJECT:

To extend the arrangements for selling butter at reduced prices to persons receiving social assistance, at a reduced rate of aid

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (1994)	FOLLOWING FINANCIAL YEAR (1995)
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	+ECU 13.9 million	-	+ECU 8.7 million

	1996	1997	1998	1999
5.0.1. ESTIMATED EXPENDITURE	+ECU 13.9 million	+ECU 5.2 million	-	-

## 5.2. METHOD OF CALCULATION:

12 months: 10 000 t x ECU 1150/t x 1.207 (DT) = + ECU 13.9 million (B)  
 1995 : 10 000 t x ECU 1150/t x 7.5/12 x 1.207 (DT) = + ECU 8.7 million (B)

6.0. CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?

YES

6.1. CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?

6.2. IS A SUPPLEMENTARY BUDGET NECESSARY?

6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?

YES

## COMMENTS:

The 1995 preliminary draft Budget was established on the assumption that the arrangements would be extended beyond 31 December 1994 for 10 000 tonnes at a reduced rate of aid to take account of the reduction in the intervention price for butter in 1994.

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# DOCUMENTS

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