



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 06.12.1996  
COM(96) 651 final

**Report to the Council concerning**  
**application of Council Regulation (EEC) No 2990/82**  
**concerning 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

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**(presented by the Commission)**



Report to the Council concerning  
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receiving social assistance

## 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 the 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 (EC) n° 1802/95, requires that the Council, on the basis of a report from the Commission shall decide before 31.12.1996 whether the subsidized sales under the abovementioned Regulation are to be continued. Reports previously forwarded to the Council have on 4 occasions resulted in the continuation of the scheme for two consecutive years, ending 31.12.1996. Up until now the Regulation has only been applied in Ireland, and the following therefore refers to this Member State only.

## 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;
- Windows' and Orphans' Pension;
- Deserted Wife's Allowance;
- Alone Parents Allowance;
- Prisoner's Wife's Allowance;
- Carer's Allowance;
- Blind Pension;
- Social Welfare (Supplementary Welfare) Allowance ;
- Pre-retirement Allowances.

## 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 found eligible under the criteria set out in point 2 above. 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) no 1898/87, the Member States shall forward to the Commission information concerning the developments on the butter and yellowfat 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 developments between 1987 and 1995.

Year	Butter		Low-fat butter		Margarine		Fat Mixture		Total
	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	12.025	25.4	1.575	3.3	14.600	30.9	19.100	40.4	47.300
1992	11.925	25.1	1.575	3.3	13.900	29.5	19.700	41.8	47.100
1993	11.825	25.1	1.575	3.3	13.700	29.1	20.000	42.5	47.100
1994	12.000	25.5	1.500	3.2	13.200	28.1	20.300	43.2	47.000
1995	11.900	25.4	1.500	3.2	13.000	27.7	20.500	43.7	46.400

The total yellowfat market between 1987 and 1995 shows a decline of 4.1% 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 has disappeared since 1990 showing a stable market share slightly in excess of 25%.

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

Ireland has operated the aid scheme as provided for in the abovementioned Regulation since 1978 and the scheme has, especially during the last year, accounted for important shares of the internal Irish butter consumption. In 1995, the purchase of around 7.600 tonnes of butter was aided under the scheme and the estimated purchases for 1996 are approximately the same. Since 1992, 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 will remain practically unchanged in 1996. The total estimated cost calculated as the purchased quantities multiplied by the aid level after applying the switchover coefficient amounted to 10,4 MECU in 1996.

The development in purchases, costs and number of beneficiaries since 1987 is indicated below :

Year	Purchases (in tonnes)	Financial costs (MECU)	Beneficiaries**
1987	5.651	10.06	720.000
1988	6.178	11.00	720.000
1989	6.567	11.69	720.000
1990	6.182	11.00	720.000
1991	6.260	9.39	740.000
1992	7.331	11.00	776.000
1993	7.400	10.36	834.000
1994	7.900	11.06	800.000
1995*	<b>7.600</b>	8.74	916.000
1996*	7.500	8.63	900.000

\* Provisional and without the application of the switchover coefficient.

\*\* Calculated on the basis of vouchers issued.

## 6. Conclusions and recommendations

The application of Council Regulation 2990/82 in Ireland has continued to be a successful means of maintaining sales to the social assistance categories indicated under point 2 which in the normal course of events would, for economic reasons, be at the forefront of change to cheaper substitutes.

A reduction in consumption by these categories could result in sales of butter into intervention. Furthermore, a withdrawal of this longstanding benefit to the less well-off sectors of society e.g. the unemployed, old age pensioners, etc. could hardly be defended from a social, market or economic point of view. Furthermore, 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 year period ending 31 December 1998. However, the maximum quantity eligible per beneficiary each month should, due to the general tendency of decline in Irish butter consumption over the last decade, be reduced from 1 kg to 0,5 kg.

**PROPOSAL FOR A**

**COUNCIL REGULATION (EC) No**

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

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 (EC) No 1587/96<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 (EC) No 1802/95<sup>4</sup>, introduces arrangements, expiring on 31 December 1996, for the sale of butter at reduced prices to persons receiving social assistance; whereas, Article 3a(3) of that Regulation provides that the Council is to examine the possibility before that date and on the basis of a report from the Commission, of renewing the arrangements laid down; whereas, in view of the report presented by the Commission and the results achieved, the arrangements should be extended for two years,

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<sup>1</sup> OJ No L 148, 28.6.1968, p. 13.

<sup>2</sup> OJ No L 206, 16.8.1996, p. 21.

<sup>3</sup> OJ No L 314, 10.11.1982, p. 26.

<sup>4</sup> OJ No L 174, 26.7.1995, p. 27.

HAS ADOPTED THIS REGULATION:

Article 1

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

1. In Article 1, "31 December 1996" is replaced by "31 December 1998";
2. In Article 3a(3), "31 December 1996" is replaced by "31 December 1998".

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

1. BUDGET HEADING:  Chapter B1 - 2040	APPROPRIATIONS:  ECU 13.6 million (Second LA to the PDB 97)
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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:  
  
 Extends the scheme for the sale of butter at reduced prices to persons receiving social assistance

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (97) (ECU million)	FOLLOWING FINANCIAL YEAR (98) (ECU million)
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER	+10.2	+8.1	+10.2
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			
	1998 (ECU m)	1999 (ECU m)	2000 (ECU m)
5.0.1 ESTIMATED EXPENDITURE		+2,1	
5.1.1 ESTIMATED REVENUE			
	2001 (ECU m)	2002 (ECU m)	

5.2 METHOD OF CALCULATION:  
  
 12 months: 7 000 t x 1.389 ECU/t x 1.047 (DR) = ECU 10.2 million (B)  
 1997: 7 000 t x 1.389 ECU/t x 9.5/12 x 1.047 (DR) = ECU 8.1 million (B)

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|--|--------|
| 6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? | YES/NO |
| 6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?                        | YES/NO |
| 6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?  | YES/NO |
| 6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?  | YES/NO |

OBSERVATIONS:  
  
 The second letter of amendment to the PDB was prepared on the basis of an extension of the scheme beyond 31 December 1996, 10 000 tonnes and an unchanged aid rate.  
  
 As the maximum quantity per person per month is reduced from 1 kg to 0.5 kg, the quantity of 10 000 tonnes in the PDB is now expected to drop to 7 000 tonnes.

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# DOCUMENTS

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