

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 763 final

Brussels, 10th December 1979

DRAFT DECISION OF THE COUNCIL  
CONCERNING THE NEGOTIATIONS OF AUTOLIMITATION  
ARRANGEMENTS WITH NON-MEMBER COUNTRIES  
IN THE SHEEPMEAT SECTOR

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(presented by the Commission to the Council)

COM(79) 763 final

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COMMUNICATION OF THE COMMISSION TO THE COUNCIL

Mutton and lamb

With a view to decisions by the Council of Ministers at its meeting on 10/11 December, the Commission draws attention to the following changes and additions to its proposal for the common organization of the market for mutton and lamb (COM(78) 81 final) -

1. external arrangements. In the light of the wide measure of support in the Council for some strengthening of the external arrangements, the Commission is presenting separately to the Council a negotiating directive for the negotiation of autolimitation agreements with third countries supplying sheepmeat and live sheep to the Community market. These will provide a stable basis both for the introduction of the common market organization and for the third country suppliers themselves. The Commission recognizes that, if such agreements could not be concluded with the relatively few countries supplying frozen sheepmeat, it would be necessary to look again at the common market organization proposed; and that, if such agreements could not be concluded with any significant supplier of fresh and chilled sheepmeat or if such agreements were not effectively maintained, it would be necessary to adopt equivalent measures including, if necessary, a modification of the import arrangements. In any event each autolimitation agreement would include a safeguard clause.
  
2. premiums. The purpose of the premiums is to provide an assurance of revenue to those producers whose revenue might otherwise fall as market prices are adjusted to the introduction of the common market. The Commission, therefore, reiterates its view that the premiums should bridge the gap where market prices fail to reach the reference price established for a region or regions of the Community. The premiums should be financed by the Community. The number of these regional reference prices should itself be limited, since it is an objective of a common organization of the market to arrive within a reasonable period of time at a common reference price. The Commission urges the

Council to accept the proposals set out in the revised article 27 (document 8727/79).

On the basis of the market prices so far recorded in 1979 it is expected that the reference prices for the marketing year commencing 1 April 1980 would be within the following range

Germany, Benelux, Denmark	320 - 330 ECU/100 kg
France	340 - 350 ECU/100 kg

Certain problems relating to the calculation of the reference prices for Italy, Ireland and the United Kingdom have been discussed. The Commission has now indicated that it would be prepared to take account both of agnelloni and of agnelli in the determination of the Italian reference price and in the calculation of Italian market prices. On the basis of the market prices so far recorded in 1979 this would give a reference price for the marketing year commencing 1 April 1980 within the following range

Italy	370 - 380 ECU/100 kg
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The Commission has also recognized that, owing to the national measures introduced by France, the market prices in the United Kingdom and Ireland in the calendar year 1979 do not reflect a normal relationship between those prices. It proposes that, in determining the reference prices for these member states the Council should continue to follow the principles set out in revised article 27 but that in order to provide a little flexibility the text of the second sentence of paragraph 2 of that article should be completed as follows:

"For the first year the reference levels shall be fixed on the basis of the market prices recorded on the representative market or markets of each region concerned during the year 1979 or, where special situations have existed in 1979, the market prices forecast for the year 1980."

3. depressivity. A number of member states have requested the introduction of a specific mechanism intended to secure a declining premium or a greater alignment of threshold prices. The Commission has indicated that in its view these results are likely to take place in practice and in due course by the operation of market forces in a common market. This situation would be reviewed before the end of the period of validity of the regulation, which for this reason should not in the Commission's view exceed five campaigns. If the Council decides to introduce in the regulation a specific mechanism in order to progressively limit the premiums or to reduce the gap between regional threshold prices, the Commission draws two conclusions. First, it would be essential to ensure that the market support measures (see point 4) in the more vulnerable regions of the Community were fully effective. Secondly, the Commission would wish to ensure that producers' revenues were protected and it would be prepared to look again, if necessary, at the other measures available, in particular those under directive 75/268.

4. market support. The Commission considers that it would be desirable to include in the regulation a stronger element of support for market prices than was proposed in COM(78) 81 final. This would need to be very carefully defined and limited (market price trigger, period of the year, eligible qualities, financing), in order to respond only to genuine circumstances of seriously inadequate market prices. The Commission has already set out in a technical working document (10020/79 ADD 1) how limited public purchasing could work and in a further document (annex 1 to 11142/79) how a similar effect in terms of support for market prices could be achieved through a system of aided public storage. It seems to the Commission that the Council ought now to decide

either (1) public purchasing on the lines of the technical data set out in 10020/79 ADD 1, which could be made available if the market price in the region in question fell below 90% of

its reference price. It would be Community financed. This arrangement would be limited to the period 15 July to 15 December. If it was introduced, Community financing of the premium would be limited to the difference between the reference price and 90% of the reference price (i.e. the point at which the additional measure of support became available). The Commission would be ready to propose this option.

or (2) public storage on the lines set out in 11142/79. In this case the system would be as follows. If the market price in a region of the Community fell to 95% of its reference price, aid for private storage could be made available. If the market price in a region of the Community fell to 90% of its reference price, aid could also be made available for storage by public agencies. This aid would be Community financed and would cover the technical and financing costs on a similar basis to the aids for storage in the beef and pigmeat sectors. The period for the entry into stock of mutton and lamb benefitting from Community-financed aid for public storage could be limited to 15 July to 15 December. Disposal of mutton and lamb after the end of a period of aided storage would be the responsibility of the public or private storer, who should be able to benefit from the improved prices resulting from the support system. The Commission is also prepared to include in the regulation a provision of the normal kind for export refunds which could in certain circumstances be useful in this context.

If the Council decides in favour of public storage on these lines, it is not proposed that the Community financing of the premium should be otherwise limited.

5. transitional measures. If the Council decides to put definitively into effect the external and internal arrangements simultaneously, there may be a short period during which the various questions (including autolimitation agreements) are being finalized. It would be desirable to avoid market disruption upon the introduction of a common market in this interim period. For this purpose the Commission would propose to put into effect the internal régime immediately as an interim measure, even if its definitive application might be decided for a later date.

Draft decision of the Council concerning the negotiations of autolimitation arrangements with non-member countries in the sheepmeat sector

The Commission shall be authorized to look into autolimitation arrangements with non-member countries supplying fresh, chilled, frozen sheepmeat and live sheep, on the basis of the following factors:

1. The non-member supplier countries shall undertake, in certain circumstances, to limit their exports of animals and meat to the Community, at the level of traditional quantities. The Commission will take account, for this purpose, of the trade figures relating to the last three-year period, taking account of the practice established under GATT.
2. In so far as the non-member suppliers agree to limit their exports at the conditions determined in the first paragraph, the Community shall refrain from requesting the unbinding of the 20% duty applicable to fresh, chilled or frozen sheepmeat.
3. The customs duties applicable shall be suspended autonomously at a reduced level to be negotiated.
4. The Community considers that the set of arrangements envisaged enable it to avoid recourse to the safeguard clause. Thus, the Community undertakes not to have recourse to it with regard to countries which have subscribed to the agreements and provided that exports from such countries do not exceed the quantities approved, even if the conditions of Article XIX of GATT are satisfied.
5. However, the Commission shall be authorized to suspend the issue of import licences with regard to supplier countries who exceed the quantities undertaken in the arrangements.
6. The quantities and the modalities negotiated by virtue of above paragraphs 1 and 3 may be rediscussed with the countries concerned at the time of the accession of new Member States to the Community.
7. The arrangements will be subject to a negotiation within the six months preceeding the expiration of the Regulation on the common organization of the market in sheepmeat.

ENTRY IN THE COUNCIL MINUTES

1. Measures with regard to non-signatory countries

As regards imports of sheepmeat or live animals from non-member countries which have not subscribed to the agreements, the Community will suspend the issue of import licences:

- by invoking the safeguard clause
- as soon as the quantities imported would exceed those which the Community would be prepared to accept under the autolimitation arrangements envisaged.

2. Minor imports

The Commission will not necessarily seek to reach agreements with non-member countries whose exports of the products in question are negligible. The relevant Regulations will, however, lay down the means for monitoring these imports in order to apply any Directives approved by the Council to such imports.

3. Yugoslavia

The Commission states that the quantities which it will propose for allocation to Yugoslavia will take account of the need to grant to that country a concession consistent with the package of concessions which it has proposed, or will propose, to make to that country under the current bilateral negotiations.

4. Quantitative modifications

The quantities which are subject to the arrangements may be modified to take into account the evolution of the consumption of sheepmeat in the Community.



