

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 442 final

Brussels, 9th July 1982

## PROPOSAL FOR A COUNCIL REGULATION (EEC)

determining the quantity of New Zealand which the United Kingdom is authorised to import during 1983 and reviewing the import levy for New Zealand butter

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(presented by the Commission to the Council)

COM(82) 442 final

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EXPLANATORY MEMORANDUM

1. Article 2 (2) of Regulation (EEC) No 858/81 of the Council (1 April 1981) relating to the importation of New Zealand butter into the United Kingdom on special terms (1) specifies that:

"The Council, acting on a proposal from the Commission, shall determine before 1 October 1982 the quantity which the United Kingdom will be authorized to import during the calendar year 1983 in view, in particular, of the development of the situation on the Community butter market and the development of the world butter market".

The decision required for 1983 is of an interim nature, relating to the third year of an arrangement established by the Council in 1981 for a period of three years.

2. During 1981 production of butter in the Community fell by 33,000 tonnes (1.9%) by comparison with the previous year but for the year 1982 it is expected that production will recover and increase by about 3.7%. Total butter consumption in the Community (including special measures) decreased by 53,000 tonnes (3.3%) in 1981 over the previous year. The stock position in 1981 was satisfactory; end of year stocks showed a further reduction to 147,000 tonnes, of which only about 10,000 tonnes were held in public stores. At 31 May 1982 public intervention stocks had risen to 34 000 tonnes.

3. The expected increase in Community butter production during 1982 will almost certainly be accompanied by a further fall in consumption and, following two very successful years, by some slowing down of exports. This is likely to result in a closing stock at the end of 1982 at a level substantially higher than the low volume at the beginning of the year. This should not be considered alarming for the mid-winter period but it underlines that the market balance which the Commission has sustained in recent years is fragile.

4. The development of the United Kingdom butter market during 1973-81 is set out in Annex I. A particular point of interest is that total disappearance in the United Kingdom for 1981 decreased by 6.3% and that direct subsidized consumption (household and catering) showed a reduction of 6.9%. Still, at the end of 1981 the closing stocks of butter of Community origin in United Kingdom cold stores were reduced by 22,200 tonnes to 42,800 tonnes.

The stocks of debonded New Zealand butter in the United Kingdom were reduced from 60,945 tonnes at the beginning of 1981 to 44,600 tonnes at the end of the year. Together, this meant a reduction of 38,545 tonnes in the total stock figure.

5. On the international butter market the development of trade between 1975 and 1981 showed great buoyancy. In line with this trend Community exports increased substantially. Butter exports in 1981 were at the second highest level recorded, despite a zero export refund throughout this period for exports to the Soviet Union. Nonetheless, in a recent period our exports have been below their peak level as a result of our restraint on exports to the Soviet Union. This in turn has left the field open for New Zealand to export butter to the Soviet Union and New Zealand is currently a principal supplier to that market.
6. It is unlikely that world demand will be sufficiently strong to sustain a very high volume of Community butter exports in 1982, at least until an operational refund is re-established for the Soviet Union. The main reason for this uncertainty in world dairy product markets is the strong increase of dairy stocks in the United States, even after the sale of 100,000 tonnes of CCC stocks of butter to the New Zealand Dairy Board. The shortage of dairy products in Eastern Europe still exists but financial problems (credit and currencies) pose a problem for these potential purchasers. On a long-term basis, however, the prospects for the international dairy trade are positive.
7. During the last seven-year period milk product<sup>ion</sup> in New Zealand has fluctuated between 6 million and 6.5 million tonnes and can be expected to remain stable. The same stability may be expected with butter production figures which have remained at about 220,000 tonnes annually. Total exports of butter from New Zealand decreased by 27,000 tonnes to 151,000 tonnes (18%) during the 12-month period June 1980 to June 1981 as compared with the previous 12-month period. In accordance with the special arrangement 94,000 tonnes of New Zealand butter were imported into the United Kingdom during the calendar year 1981 and 92,000 tonnes during the year 1982. If total New Zealand exports of butter continue in 1982 at the 1981 level of about 150,000 tonnes, the share which the United Kingdom market represents for New Zealand will be about 61%.

8. Taking into account the following factors:

- the value to the Community of the continuing arrangements for co-operation with New Zealand, especially in relation to price levels in third-country markets
- the relatively high dependence of New Zealand on the United Kingdom market for its exports
- the fact that the Council, in its decision on the quantity which might be imported under special arrangements from New Zealand in 1983, wished to take account of the situation on the Community butter market and that in the most recent year Community consumption of butter fell by 3.3%,

the Commission proposes that the quantity of butter which the United Kingdom should be authorized to import under special arrangements from New Zealand in 1983 should be 89,000 tonnes. This quantity represents a reduction of about 3.3% and, although slightly greater than the reductions in the quantities between 1980 and 1981 and between 1981 and 1982, is broadly in line with the approach taken by the Council when it last took its decision on the three year arrangement.

9. The present levy on New Zealand butter imported into the United Kingdom is 77.52 ECU/100 kg. This levy corresponds to 25% of the intervention price (for butter of 80% fat content) which was valid on 1 April 1981. Since 20 May 1982 the intervention price has increased to 349.70 ECU/100 kg. Though initially it was the intention of the Council when establishing the levy that the amount should not be altered during the three years before the review of future arrangements at the end of 1983, it now seems appropriate to review the levy by taking into account the last increase of prices in the Community as these prices might alter the marketing conditions for butter in the United Kingdom.

In accordance with Article 3(2) of Regulation (EEC) No 858/81 it is proposed that the levy should be increased to 84.30 ECU/100 kg reflecting the formula which was used for previous calculations.

DEVELOPMENT OF BUTTER PRODUCTION, CONSUMPTION AND

TRADE IN THE UNITED KINGDOM

Nos 1-3: million litres

Nos 4-9: '000 tonnes

	1973	1974	1975	1976	1977	1978	1979	1980	1981
Milk production (a)	14,241	13,836	13,815	14,302	15,095	15,831	15,821	15,416	15,761
Milk deliveries	13,705	13,311	13,529	13,838	14,593	15,317	15,322	15,182	15,228
Deliveries as % of production	96.2	96.2	96.8	96.8	96.7	96.8	96.8	96.5	96.6
Butter production (b)	97	54	48	90	134	162	161	168	171
Total imports (c)	318	445	475	404	327	298	246	195.5	198.3
of which:									
EEC	186	326	364	275	189	173	125	100.5	104.3
New Zealand	132	119	111	129	138	125	120	95	94
Total Exports	16	3	3	16	11	56	62	80	50-60 (°)
Consumption: (d)									
Household/Catering (e)	409	445	462	441	410	396	367	335	319
Other (manufacturing) (e)	24	18	24	18	16	18	30	30	30
Total disappearance	433	463	486	459	426	414	397	365	342

- (a) Excludes beef-cows' milk production
- (b) Includes farmhouse production
- (c) Includes butter-oil equivalent
- (d) Takes into account stock changes
- (e) Breakdown not available for 1980

(°) Estimation

TABLE 2

BUTTER BALANCES IN THE COMMUNITY

EUR 10  
(1000 t.)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
<b>1</b>												
<b>2</b>	112	101	187	78	79	93	71	176	117	231	271	128
<b>3</b>	117	94	94	71	71	94	71	176	117	231	271	128
<b>4</b>	1605	1605	1666	1745	1771	1919	1919	1956	1956	1956	1956	1809
<b>5</b>	58	58	55	52	49	48	48	46	46	44	44	40
<b>6</b>	157	157	160	132	130	123	118	103	103	96	96	96
<b>7</b>	2021	2021	2020	2093	2199	2287	2318	2475	2475	2475	2475	2475
<b>8</b>	1597	1671	1615	1550	1327	1370	1450	1406	1450	1406	1406	1406
<b>9</b>	141	126	107	108	140	157	108	158	140	157	108	158
<b>10</b>	1730	1797	1722	1730	1590	1667	1640	1571	1730	1667	1640	1571
<b>11</b>	103	32	71	219	216	440	342	630	103	32	71	219
<b>12</b>	32	36	45	91	63	59	54	63	32	36	45	91
<b>13</b>	135	68	116	270	279	499	396	583	135	68	116	270
<b>14</b>	94	93	79	78	101	101	112	157	94	93	79	78
<b>15</b>	148	164	259	199	418	372	239	467	148	164	259	199

Source: (1) EC Commission, Directorate-General for Agriculture (including butter in butter equivalent); (2) Eurostat

(3) Prices, currently quoted by EACCF as the United Kingdom, Ireland, Luxembourg and Denmark.

(4) 1971 - Reg. No 101/78; 1972 - Reg. No 120/79; 1973 - Reg. No 120/79.

(5) Including: (a) 1973 - Arrived before and non-profit organisations; (b) 1973 - Butter for industrial use; (c) 1973 - Sales to land markets.

(6) Figures include butter made from cream (in butter equivalent).

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Council Regulation (EEC) No  
of

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the 1972 Act of Accession, and in particular Article 5(2) of Protocol 18 annexed to that Act,

Having regard to the proposal from the Commission,

Whereas Protocol 18 and subsequently Council Regulation (EEC) No 858/81 of 1 April 1981 relating to the import of New Zealand butter into the United Kingdom on special terms (1), has authorized the United Kingdom to import certain quantities of New Zealand butter on special terms until 31 December 1983 and in particular Article 2(2) thereof which requires that before 1 October 1982 the quantity which the United Kingdom will be authorized to import during the calendar year 1983 in view in particular of the development of the situation on the Community butter market and the development of the world butter market shall be determined,

Whereas the development of the market situation within the Community was marked by a decrease in the level of consumption but the situation on the world and Community markets is expected to be such as to permit New Zealand to continue its exports of butter to the United Kingdom during 1983 on special terms on a degressive scale,

Whereas the special levy should be reviewed in order to take account of the effect of the increased intervention prices on the marketing conditions for butter in the U.K.,

Article 1

In accordance with Article 2(2) of Regulation (EEC) No 858/81 the quantity of New Zealand butter which the United Kingdom is authorised to import during the calendar year 1983 is fixed at 89,000 tonnes.

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(1) O.J. No L 90, 4. 4.1981, p. 18

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Article 2

The amount of 77.52 ECU/100 kgs provided for in Article 3(1) of Regulation (EEC) No 858/81 is replaced by the amount of 84.30 ECU/100 kgs.

Article 3

This Regulation shall enter into force on the <sup>3</sup> day <sup>after</sup> 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



# FICHE FINANCIERE

DATE : 07.07.1982

1. LIGNE BUDGETAIRE : Chap. 20

CREDITS : Avant-projet budget 1983 : 3.950 MioECU

2. INTITULE DE LA MESURE : Règlement du Conseil déterminant la quantité de beurre néo-zélandais que le Royaume-Uni est autorisé à importer au cours de l'année 1983 et modifiant le prélèvement à l'importation du beurre néo-zélandais.

3. BASE JURIDIQUE : R 858/81 du Conseil

4. OBJECTIFS DE LA MESURE : Permettre à la Nouvelle-Zélande de poursuivre les exportations de beurre vers le R.U. à des conditions particulières et pour des quantités dégressives.

MioECU

5. INCIDENCES FINANCIERES

5.0 DEPENSES A LA CHARGE

- DU BUDGET DES CE (RESTITUTIONS/INTERVENTIONS)
- ~~XXXXXXXXXXXXXXXXXX~~
- ~~XXXXXXXXXXXXXXXXXX~~

5.1 RECETTES

- RESSOURCES PROPRES DES CE (PRELEVEMENTS/DROITS DE DOUANE)
- ~~XXXXXXXXXXXXXXXXXX~~

PERIODE DE 12 MOIS

EXERCICE EN COURS (82)

EXERCICE SUIVANT (83)

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+ 83 (1)

-

+ 37 (1)

5.0.1 PREVISIONS DES DEPENSES

5.1.1 PREVISIONS DES RECETTES

5.2 MODE DE CALCUL :

Recette en prélèvement :  
 89.000 T à 843,- Ecu/t = 75,- MioECU (A) soit 81 MioECU (B)

Coût de l'écoulement des quantités correspondantes de beurre communautaire :  
 89.000 T à 1.400 Ecu/t (a) = 124,6 MioECU (A) soit 127 MioECU (B)

Aide à la consommation de beurre :  
 89.000 T à 450 Ecu/t = 40,- MioECU (A) soit 44 MioECU (B)

La mesure proposée, prévoyant que le prélèvement spécial est diminué de l'aide à la consommation, évite une dépense correspondante pour le beurre communautaire.

Il en résulte que la mesure proposée entraîne :

une augmentation des dépenses de 83 MioECU (B) (127 - 44)

une augmentation des recettes de 37 MioECU (B) (81 - 44)

6.1 ~~XX~~

~~XXXXXXXXXX~~

6.2 ~~XX~~

~~XXXXXXXXXX~~

6.3 CREDITS A INSCRIRE DANS LES BUDGETS FUTURS (1)

OUI/NON

OBSERVATIONS :

(1) Dans son avant-projet de budget 1983, la Commission a tenu compte de la présente proposition.

(a) Le montant de 1.400 Ecu/t correspond à l'hypothèse de restitution moyenne à l'exportation de beurre et de butteroil en 1983.