

EUROPEAN COMMUNITY

# GREEN EUROPE NEWSLETTER

IN BRIEF

A new market organization

Mutton and lamb

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At a meeting held on 28 - 30 May 1980, the Council agreed to the Commission proposals relating to the common organization of the market for sheepmeat and fixed the basic price, the reference prices and the intervention prices in this sector for the 1980/81 marketing year.

This new market organization has the following features, designed to ensure free movement of sheepmeat in the Community while maintaining producers' incomes :

1. A system of prices, premiums and intervention

a) Basic price

The Council will fix for each marketing year a basic price for fresh sheep carcasses taking into account inter alia the market situation, the development prospects and the production costs of sheepmeat in the Community. This price will be seasonally adjusted each week to normal seasonal variations of the market.

b) Reference prices

The Council will fix regional reference prices for each marketing year. A list of regions is given in paragraph 3.

In the first year the reference prices have been fixed on the basis of the market prices recorded on the representative market or markets of each region in question during 1979, or, in regions where special conditions prevailed in 1979, on the basis of the forecasted market prices for 1980.

In the following years, the reference prices will be fixed with due regard to the objective of their gradual alignment towards a single Community reference price, to be achieved by annual equal stages over four years.

c) Premiums for producers

In order to maintain the level of producers' incomes, a national loss of income will be estimated, annually at the beginning of the marketing

year, in relation to the foreseeable trend in market prices of each region.

This loss of income will be a function of any difference between the reference price and the foreseeable market price for the current marketing year.

The difference will be multiplied by the tonnage of sheepmeat produced in each region in question during the year preceding the current year.

The total amount will be divided, for each region concerned, by the number of ewes recorded. The result will give the estimated amount of the premium payable per ewe and per region.

Should there be administrative obstacles to the recording of the number of ewes in a given region, the Member State or States concerned may be authorized to divide the total amount referred to above by the foreseeable number of lamb slaughterings during the current marketing year.

An advance payment of 50 % of the estimated amount of the premium payable per ewe (or where, appropriate, by lamb slaughtering) will be paid to producers at the beginning of the marketing year. The balance will be paid at the end of the marketing year at a level calculated in such a way that the level of the premium paid corresponds to the actual loss of income calculated in relation to actual developments in market prices.

However, at the request of those concerned, the amount of the premium payable per ewe in region 1 may be the same as that fixed in region 2 provided that the beneficiaries show, to the satisfaction of the competent authority, that the lambs produced by these ewes have not been slaughtered within two months of birth.

In the event of buying-in as referred to in d), the maximum premium for producers will be the difference between the reference price and the seasonally adjusted intervention price in the region during the period in question.

d) Intervention measures

Whenever the Community market price falls short of 90 % of the basic price and is liable to persist below that level, aid for private storage may be granted.

Whenever, during the period between 15 July and 15 December each year, the Community market price is equal to or less than the seasonally-adjusted intervention price corresponding to 85 % of the seasonally-adjusted basic price and at the same time the price recorded on the representative markets of a given region is equal to or less than the seasonally-adjusted intervention price or, as the case may be, a seasonally-adjusted derived intervention price (1), intervention agencies will, at the request of one or more Member States, buy in sheepmeat in the Member State or States in question.

In addition, in the event of a serious disturbance of the market, intervention purchases may be decided by the Council for other periods.

e) Variable slaughtering premium

In regions where intervention purchases are not effected, the Member State or States concerned may grant a variable slaughtering premium for sheep whenever the price recorded on the representative market or markets of the Member State or States concerned is below a "guide level" corresponding to 85 % of the basic price. This "guide level" will be seasonally adjusted in the same way as the basic price.

The amount of this premium will be equal to the difference between the seasonally-adjusted guide level and the market price recorded in the Member State or States in question.

The necessary measures will be taken to ensure that in the case of payment of this premium an equivalent amount is levied on live sheep and sheepmeat leaving the territory of the Member State in question.

The total amount granted as premium will be deducted from the total amount of the premium for producers to be granted in the region in question.

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(1) Case of Ireland, if this Member State applies intervention measures.

## 2. Trade arrangements with non-member countries

In accordance with the Council's mandate, the trade arrangements with non-member countries will be based on voluntary restraint agreements. They will include the following mechanisms :

- the application of an import levy on live animals other than pure-bred breeding animals, on meat which is chilled or frozen, salted, in brine, dried or smoked (in the case of fresh and chilled meats, this levy will be the difference between the seasonally-adjusted basic price and the free-at-frontier offer price of the Community);
- however, the actual collection of the levy will be limited to the amount of the bound CCT (for certain products) or to that resulting from the voluntary restraint agreements;
- the principle of granting export refunds which are uniform throughout the Community and could be differentiated according to destination or intended use, it being understood that their actual application should not disturb the world market or run counter to the arrangements being negotiated with supplier non-member countries.

## 3. Other provisions

The Council will review the regulation and take the appropriate decisions before 1 April 1984 on the basis of a Commission report accompanied by proposals relating to the operation of the common organization of the market, including the intervention and premiums system. This report should cover inter alia developments with regard to the market and the incomes of producers in the Community, and developments with regard to trade.

For the 1980/81 marketing year the Council has fixed the prices as follows :

- basic price	345.0 ECU/100 kg	Green rate
- intervention price	293.2 ECU/100 kg	" "
- derived intervention price applicable in region 4	276.2 ECU/100 kg	" "

- reference price :

. for region 1 (Italy)	375 ECU/100 kg	Green rate
. " " 2 (France)	345 ECU/100 kg	" "
. " " 3 (Germany/Denmark/Benelux countries)	315 ECU/100 kg	" "
. " " 4 (Ireland)	310 ECU/100 kg	" "
. " " 5 (United Kingdom)	293 ECU/100 kg	" "

#### 4. Implementation

The new rules will apply only as from the date of the entry into force of the voluntary restraint agreements resulting from the negotiating brief.

#### 5. Evaluation of expenditure

Expenditure for the Guarantee Section of the EAGGF is estimated at about 230 million ECU for a period of 12 months on the basis of the current and foreseeable market situation.

	Community	Germany	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark
Sheep count 1978 ('000 head)	46.429	1.136	11.450	8.998	540	85	5	21.740	2.413	57
Home-produced sheepmeat, gross (tonnes) 1978 (1)	505.000 (520.000)	19.500 (19.500)	147.000 (159.000)	39.000 (41.000)	18.000 (19.000)	4.000 (4.000)		237.000 (240.000)	40.000 (37.000)	500 (500)
Consumption 1978 (tonnes) (including goat meat) (1)	776.000 (788.000)	46.000 (48.000)	202.000 (208.000)	67.000 (73.000)	5.000 (5.000)	20.000 (20.000)		403.000 (404.000)	30.000 (27.000)	3.000 (3.000)
Consumption 1978 (kg/per capita/year)	3,00	0,80	3,80	1,20	0,40	2,00		7,10	9,30	0,60
Market price 1978 ECU/kg (2) 1979	2,66 2,93	2,94 3,10	3,27 3,41	3,32 (4) 3,70	3,33 (5) 3,32	3,13 3,18		2,07 2,32	2,80 3,07	2,41 2,55
Intra-Community trade 1978 (tonnes)	102.563									
1978 imports (tonnes) (carcase equivalent) from :										
- New Zealand	231.766	6.416	1.585	6.482	513	1.141		213.434	-	2.195
- Argentina	11.164	9.525	141	1.339	46	68		45	-	-
- Australia	12.114	9	69	29	478	157		11.366	-	7
- Hungary	6.866	118	476	6.272	-	-		-	-	-
- Bulgaria	2.488	-	758	1.731	-	-		-	-	-
- Czechoslovakia	641	7	-	634	-	-		-	-	-
- Poland	4.822	1.164	1.148	983	8	1.519		-	-	-
- Yugoslavia	3.824	-	-	3.824	-	-		-	-	288
- Iceland	367	77	1	-	-	1		-	-	-
- Uruguay	2.063	913	-	1.150	-	-		-	-	-
- Brazil	146	106	1	39	-	-		-	-	-
- German Democratic Republic	3.625	-	635	-	34	2.956		-	-	-
- Romania	418	-	211	207	-	-		-	-	-
- Spain	1.002	-	592	397	1	12		-	-	-
TOTAL IMPORTS (3)	281.306	18.356	5.662	23.326	1.099	5.900		225.779	0	2.516

- (1) The figures in brackets are estimates for 1979 (according to national sources)  
(2) Conversion into ECU with the exchange rate usable for the recording of data on the world market  
(3) Breaks down as follows : frozen meat : 257,253; fresh meat : 7,435; Live animals : 16,618  
(4) Weighted average "agnelloni" : 36 %; "agnelli" : 64 %  
(5) VAT included (6 %)

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