

European Communities

EUROPEAN PARLIAMENT

Working Documents

1974-1975

25 September 1974

DOCUMENT 262 / 74

Report

drawn up on behalf of the Committee on Agriculture

on the proposals from the Commission of the European Communities to the Council for /

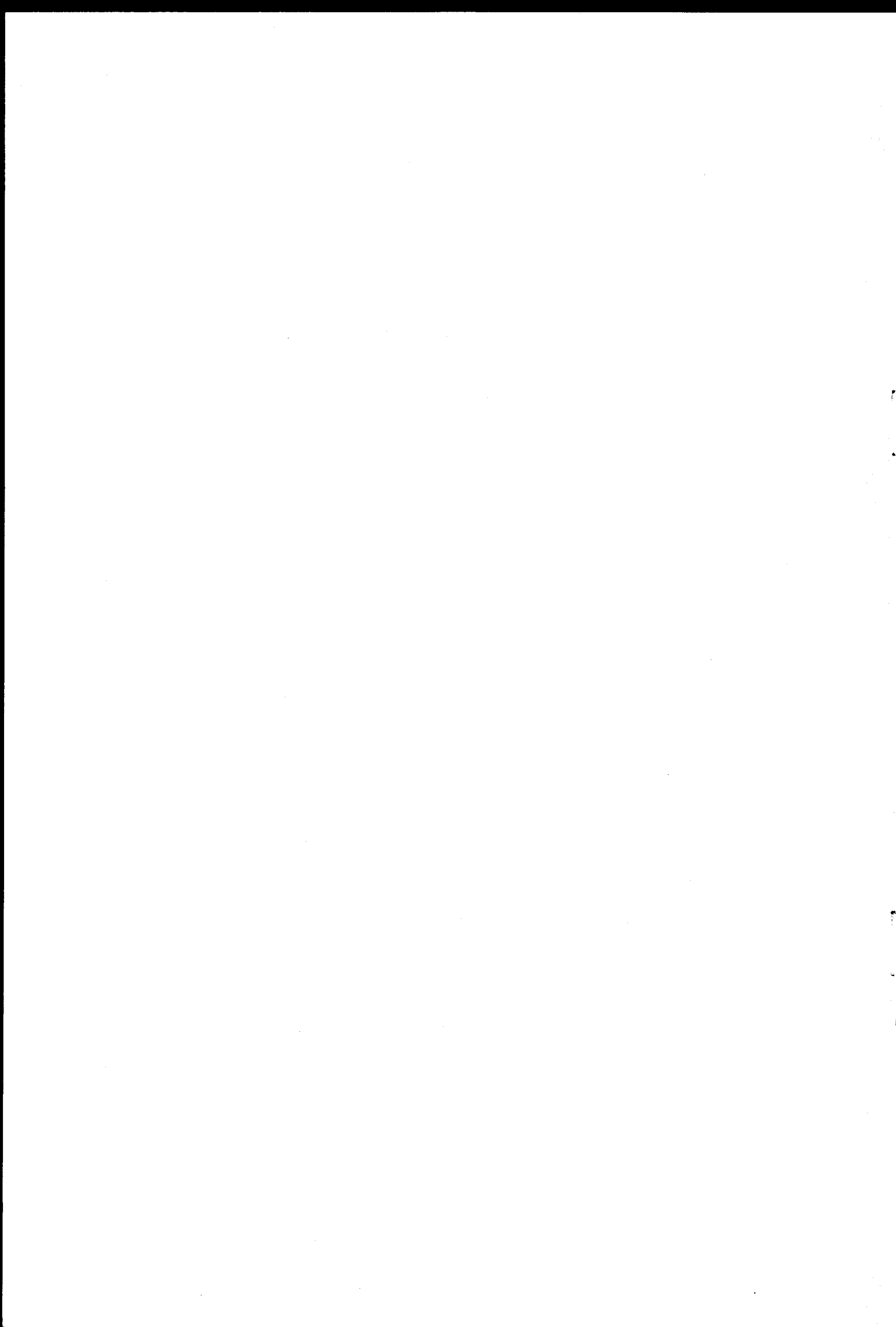
- I. a regulation on the financing of the beef and veal publicity campaign
- II. a regulation on the financing of the system of premiums for the orderly marketing of certain adult bovine animals for slaughter

(Doc. 218/74)

- III. a regulation on the financing of advertising and publicity campaigns designed to promote the consumption of meat

(Doc. 269/74)

Rapporteur: Mr Michele CIFARELLI



By letter of 31 July 1974 the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation on the financing of a beef and veal publicity campaign¹, and on the proposal to the Council for a regulation on the financing of the system of premiums for the orderly marketing of certain adult bovine animals (Doc. 218/74).

The President of the European Parliament referred these proposals to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

The Committee on Agriculture appointed Mr CIFARELLI rapporteur at its meeting of 5 and 6 September 1974.

It considered these proposals at its meeting of 17 September 1974 and adopted the motion for a resolution by 10 votes in favour with 1 abstention.

The following were present: Mr Laban, acting chairman and vice-chairman; Mr Cifarelli, rapporteur; Mr Bregegere (deputizing for Mr Dalsager), Mr Bourdelles, Mr Frehsee, Mr Früh, Mr Kavanagh, Mr Liogier, Mr Martens, Mr Brøndlund Nielsen and Mrs Orth.

¹Amended pursuant to Article 149(2) of the EEC Treaty by a proposal to the Council for a regulation on the financing of advertising and publicity campaigns designed to promote the consumption of meat (COM(74) 1463 final of 13 September 1974). (Consultation by the Council on 20 September 1974).

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for

- I. a regulation on the financing of the beef and veal publicity campaign
- II. a regulation on the financing of the system of premiums for the orderly marketing of certain adult bovine animals for slaughter
- III. a regulation on the financing of advertising and publicity campaigns designed to promote the consumption of meat

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council and the proposal from the Commission amended pursuant to Article 149(2) of the EEC Treaty (COM(74) 1156 fin. A, 1260 fin. and 1463 fin.),
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 218/74 and 268/74),
 - having regard to the report of the Committee on Agriculture (Doc. 262/74),
 - having regard to the necessity of alleviating the disturbing situation on the beef and veal market,
1. Withholds its approval from the proposal on the financing of advertising and publicity campaigns designed to promote the consumption of meat meat;
 2. Approves the Commission's original proposals;
 3. Points out that the proposed beef and veal publicity campaign and the system of premiums for the orderly marketing of certain adult bovine animals for slaughter can achieve the intended results only if combined with other administrative measures to relieve the market;
 4. Considers it important that ways also be sought to stimulate sales of beef and veal on the markets of third countries, in the context of the relevant trade agreements;
 5. Urges a continuing analysis of measures to restore equilibrium on the market, taking into account producers' incomes and customers' interests;
 6. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENT

1. The European Parliament has been consulted on the financing of a system of premiums for the orderly marketing of certain adult bovine animals for slaughter, and on the financing of a beef and veal publicity campaign, the latter proposal having subsequently been extended to include the financing of advertising and publicity campaigns to promote the consumption of meat in general. The Committee on Agriculture is not in agreement with this change in the original intention; accordingly, only the two original proposals are dealt with here.

2. The intention of the publicity campaign to be supported by the Member States is to promote wider sales of beef and veal and thus to put the market, at present characterized by serious surpluses in consequence of intervention purchases, on a sound basis. In the event of wholesale slaughter of cattle due to high feed prices and high cost prices in general, the campaign should contribute to a better supply and demand situation, relieving the pressure on the market.

3. Notwithstanding Article 3 of Regulation (EEC) No. 729/70¹ of the Council of 21 April 1970 on the financing of the common agricultural policy, the contribution from the EAGGF Guarantee Section is limited to 50%. In addition to the limitation of the Community contribution to 50%, a maximum contribution of 5 million u.a. is proposed, this to be apportioned among the Member States according to population. Community financing has been limited to 50% on previous occasions (as with the financing of the sale of beef and veal at reduced prices) and the Committee on Agriculture can accept this without compunction in view of the fact that this proposal relates to an emergency measure to put the beef and veal market on a sound basis and that it is desirable to subject EAGGF expenditure to reasonable limits.

4. The special position of Italy with respect to a publicity campaign aimed at increasing consumption of beef and veal cannot be disregarded. Italy depends for its supplies of beef and veal on imports from the Community and Third countries, so higher domestic consumption would be disadvantageous for the balance of payments.

At the same time there are factors such as the present situation of general price rises and the resulting reduction in the purchasing power of the population, together with VAT, which is also imposed on beef and veal, which curb consumption.

In view of the fact that Member States are at liberty to choose whether to conduct a publicity campaign on beef and veal or not, Italy is free to act

¹Regulation No. 729/70, OJ No. L 94, 28.4.1970

Article 3(1) provides that the Guarantee Section of the EAGGF shall finance interventions to regulate the agricultural markets when these are made pursuant to Community rules in the context of the common organization of agricultural markets.

according to its economic situation.

5. With respect to the financing of the system of premiums for the orderly marketing of certain adult bovine animals for slaughter, the Council decided, on 23 July 1974¹, to authorize Member States during the period from 1 August 1974 to 28 February 1975 to grant, on application, a premium for the benefit of producers for the orderly marketing of certain adult bovine animals for slaughter, other than cows, of Community origin and slaughtered within the Community. As one of the measures to stabilize the beef and veal market, the objective is to encourage producers not to slaughter the adult bovine animals in question within the next few months.

6. The regulation adopted by the Council leaves it to Member States to choose whether or not to employ the system of premiums. The Council has fixed maximum amounts for the premiums and this meets with the approval of the Committee on Agriculture in view of the need to maintain fair competition conditions. The amount of the premium varies according to the month in which the animals are slaughtered.

7. Ireland's special position vis-à-vis the United Kingdom is taken into account to the extent that any expenditure incurred by Ireland in order to avoid distortion of competition between producers in Ireland and those in the United Kingdom during the period in which the United Kingdom applies the premium system will be financed by the EAGGF in proportion to the amounts granted by the United Kingdom.

This is a necessary measure since, for reasons of political principle, the United Kingdom is not operating intervention purchases and prefers to maintain a national system of premiums for the stabilization of the market. As Ireland does not grant national subsidies but operates intervention purchases in accordance with Community rules, the expenditure incurred should be borne by the EAGGF to the extent required to prevent the Irish market being at a disadvantage vis-à-vis the British market.

8. Here, too, the Commission proposes that financing by the EAGGF Guarantee Section be subject to limits, notwithstanding Article 3 of the Council Regulation of 21 April 1970, which stipulates that any interventions to stabilize agricultural markets shall be financed by the Community.

The Commission has examined the financial implications of this proposal and of a number of other proposals relating to the beef and veal sector. The expenditure involved in the present proposal was specified during discussions in the Council (15 million u.a. from 1974 budget resources and 85 million u.a. from the 1975 budget).

Total expenditure for this sector from 1974 budget resources is

¹Regulation (EEC) No. 1967/74, 23.7.1974, OJ No. L 206, 27.7.1974

estimated at between 262 and 275 million u.a. depending on how quickly payments are made. This overall figure for expenditure remains within the limits of the EAGGF, Guarantee Section, appropriations in the 1974 budget. The Committee on Agriculture is therefore able to agree to the limited financing proposed.

9. Whether this financing project will work effectively in practice can only be determined by taking into account the particular situation in each of the Member States. Experience will show whether this method of financing will produce the intended results.

10. In conclusion, the Committee on Agriculture believes that the proposed measures, on the financing of which the European Parliament has been asked for its opinion, may prove useful but are by themselves too limited to produce any substantial improvement in the present difficult situation.

Only a series of complementary measures could have the full effect desired. Various measures decided on by the Commission, such as the sale of beef and veal at reduced prices, the temporary embargo on import certificates for certain products in the beef and veal sector, and support measures for private storage have already come into operation.

A continuing analysis of the market situation ought to indicate what measures can most suitably be taken to benefit producers and consumers.