

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 157 final

Brussels, 16 March 1979

PROPOSAL FOR A COUNCIL REGULATION (EEC)
ON INVESTMENT AID AT THE MARKETING AND
PROCESSING STAGE OF MILK PRODUCTS

(submitted to the Council by the Commission)

COM(79) 157 final

EXPLANATORY MEMORANDUM

In the general explanatory memorandum relating to the proposals on the fixing of prices for certain agricultural products and certain related measures (Doc. COM (79) 10 Final, Volume I of 31.1.1979), the Commission indicated its intention to submit to the Council proposals concerning investment aid granted in the milk and milk products sector, both at the production stage and at the processing and marketing stage of the products of the sector in question. As regards the aid granted at the production stage, it has its basis in Community rules, which found their main expression in Directive 72/159/EEC. Therefore, the provisions which relate to it are included in the proposal for an amendment to that Directive.

The proposal annexed hereto concerns investment aid which is given at the marketing and processing stage of milk products.

In view of the particular problems existing in this sector and so as to permit an overall discussion at Council level on the whole range of aid, including production aid, marketing aid and processing aid in this sector, the Commission considers it preferable, for the moment, with regard to these latter forms of aid, to proceed on the basis of Articles 42 and 43 of the Treaty.

Proposal for a

COUNCIL REGULATION (EEC)

on investment aid at the marketing and processing
stage of milk products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and
in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Economic and Social Committee,

Whereas the market situation for milk and milk products reveals substantial
surpluses;

Whereas the continuous expansion of milk deliveries to dairies within the
Community has been encouraged by the substantial investment eligible for
aid from public sources; whereas the efforts undertaken by the Community to
improve the milk market situation must not be hampered by measures encouraging the
growth of production;

Whereas the investment aid relating to the marketing and processing of milk
products has contributed to this situation; whereas its continued existence
threatens to aggravate the situation; whereas it is therefore necessary that
appropriate measures be taken with a view to ensuring strict limitation of this
investment;

Whereas it appears necessary for this purpose to prohibit all encouragement of
such investment under whatever form; whereas, however, exceptions should be
allowed in favour of certain outlets, certain small undertakings and research as well
as encouraging energy savings and the protection of the environment;

Whereas the provisions in question must be brought into force after the expiry of
a certain period of time and with account taken of the rights which may have been
acquired by virtue of national provisions,

HAS ADOPTED THIS REGULATION:

Article 1

1. Subject to the provisions of Article 92(2) of the Treaty, all aid granted by Member States or by means of State resources to investment made, apart from farm holdings, and concerning the processing and marketing of cows' milk or milk products, including the collection, packaging and preparation of these products, shall be prohibited.

 2. This prohibition does not apply to investment aid relating to
 - liquid milk pasteurized or, possibly, homogenized and not otherwise treated;
 - milk refrigeration tanks in the collection centres;
 - the use of liquid skimmed milk for animal feed;
 - research;
 - the production and marketing of new products enabling the commercial outlets for milk to be increased;
 - measures leading to energy savings;
 - the protection of the environment;
 - butter production undertakings having a capacity of less than 50 tonnes per year.
 3. As new products shall be considered products;
 - a substantial part of whose components are milk products;
 - and
 - one at least of whose characteristics (chemical, physical, microbiological or organoleptic) has been altered in such a way that they differ significantly from existing products;
 - and
 - which offer additional possibilities of outlets.

 4. No investment aid mentioned in paragraph 2 may have the effect of increasing existing milk use capacity, except that of liquid skimmed milk intended for animal feed. The milk use capacity concerned shall be that of the undertaking eligible for aid.
- Existing milk use capacity may be transferred from one undertaking to an other.

Article 2

The provisions of Articles 92 and 93 of the Treaty shall continue to apply to the aid referred to in this Regulation.

Article 3

The Member States shall communicate to the Commission no later than four months after the entry into force of this Regulation the measures taken with a view to eliminating the aid prohibited by this Regulation.

Article 4

This Regulation shall enter into force on the day of its publication. It shall take effect on the 90th day following the day of its publication.

It shall not affect rights acquired by virtue of national provisions existing before the entry into force of this Regulation.