

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 361 final.

Luxembourg, 6 july 1976

Proposal for

## COUNCIL REGULATION (EEC)

introducing a premium system for the non-marketing of milk and milk products  
and for the conversion of dairy cow herds.

(submitted to the Council by the Commission)

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COUNCIL REGULATION (EEC)

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas the products covered by Council Regulation (EEC) N° 804/68<sup>(1)</sup> of 27 June 1968 on the common organization of the market in milk and products, as last amended by Regulation (EEC) N° 559 /76<sup>(2)</sup>, are substantially and increasingly in surplus ; whereas it therefore seems justified to encourage the trend noted among certain producer groups in the Community to cease milk production or the marketing of milk and milk products;

Whereas this aim may be achieved by granting premiums to farmers who cease marketing milk and milk products or convert their cow herds to meat production;

Whereas the amount of these premiums must be fixed at such a level that it may be considered as compensation for loss of income from the marketing of these products; whereas it therefore appears necessary to vary the amount of the premiums according to the quantity of products marketed in a reference period;

Whereas the total amount of the premiums granted to a producer should be restricted in order to improve dairy farming structures in respect of a more economic scale of farming; whereas, however, exceptions from such restrictions should be provided where the applicant participates in a Brucellosis, TB or Leuzootic bovine leucosis eradication scheme;

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(1) J.O. N° L 148 du 28. 6.1968, p. 13  
(2) J.O. N° L 67 du 15. 3.1976, p. 9

Whereas, in order to facilitate the honouring of obligations arising from the application of this Regulation, the premiums should be paid in several instalments;

Whereas all the proposed measures are of importance to the Community and are designed to achieve the objectives set out in Article 39 (1) (a) of the Treaty, including the structural changes necessary for the proper working of the common market; whereas they therefore constitute common measures within the meaning of Article 6 of Council Regulation (EEC) n° 729/70 <sup>(1)</sup> of 21 April 1970 on the financing of the common agricultural policy, as last amended by Regulation (EEC) n° 2788/72 <sup>(2)</sup>;

Whereas, in view of the proposed aims and the probable effects on the market situation, half the expenditure incurred by the granting of these premiums should be financed at Community level;

HAS ADOPTED THIS REGULATION :

#### TITLE I

#### Conditions and amounts of the non-marketing and conversion premiums

##### Article 1

In accordance with the following Articles, premiums for the non-marketing of milk and milk products (non-marketing premium) and for the conversion of dairy cow herds to meat production (conversion premium) shall be granted on application.

##### Article 2

1. In order to be eligible for the non-marketing premium, each producer must show evidence to the satisfaction of the competent authorities

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that, compared with his supplies of milk or its equivalent of milk products in the calendar year 1975, he has still an appropriate number of dairy cows on his holding and an appropriate current supply. This condition must still be met at the date of acceptance of the application; otherwise, the premium shall be reduced accordingly.

2. The granting of the non-marketing premium shall in particular be conditional upon a written undertaking from the producer, valid for a period of five years from the date of commencement of non-marketing:
  - a) to give up all sales of milk and milk products coming from the holding farmed on the date of submission of the application;
  - b) not to let his holding or any part thereof for dairy farming;
  - c) not to lease his dairy cows;
  - d) not to sell his dairy cows unless proof is provided that they have been slaughtered;
  - e) to sell all dairy equipment, unless it is deemed to be unusable, within the first three months of the period of non-marketing.

The period of non-marketing shall start not later than six months following the date of the acceptance of the application.

3. Producers who cease farming in accordance to Council directive 72/160/EEC after a period of at least two years of non-marketing milk or milk products are exempt, from the date of cessation, from the obligations laid down in paragraph 2 and excluded from further benefits of the non-marketing premium. In such circumstances, payments already received shall not be repayable.

### Article 3

1. In order to be eligible for the conversion premium, each producer must show evidence to the satisfaction of the competent authorities that he supplied at least 50.000 kilogrammes of milk or its equivalent of milk products in the calendar year/and<sup>1975</sup> that he still has an appropriate number of dairy cows on his holding and an appropriate current supply. This condition must still be met at the date of acceptance of the application, /<sup>otherwise,</sup> the premium shall be reduced accordingly.

2. The granting of the conversion premium shall in particular be conditional upon a written undertaking from the producer, valid for a period of four years from the date of commencement of conversion :
- a) to give up all sales of milk and milk products coming from the holding farmed on the date of submission of the application;
  - b) not to let his holding or any part thereof for dairy farming,
  - c) not to lease his dairy cows;
  - d) not to sell his dairy cows unless proof is provided that they have been slaughtered;
  - e) to sell all dairy equipment, unless it is deemed to be unusable, within three months of the commencement of the non-marketing;
  - f) to keep, during the conversion period, a number of units of adult bovine or sheep/animals on the holding farmed on the date of submission of the application which is equal to or higher than the number kept on that same holding on the reference date.

The period of conversion shall start not later than six months following the date of acceptance of the application.

3. Where cows are retained by the producer, the latter must in addition, in order to be eligible for the premium, show evidence to the satisfaction of the competent authority that he is building up his herd in such a way that, by the end of the third year at the latest following the date of acceptance of his application at least 80% of the number of cows or heifers in calf kept on the holding shall consist either of females with characteristics of one of the recognized meat producing breed or of females born as a result of cross-breeding with a bull listed in the herd book of one of those breeds or, failing that, presenting sufficient guarantees of its ability to transmit the essential characteristics of that breed products on its progeny.

Article 4

- (1) The level of non marketing premium shall be 90% of the target price/<sup>for milk</sup>valid on the date of acceptance of the application for the first 50.000 kilogrammes and 75% of this target price for milk for quantities above 50.000, but not more than 150.000 kilogrammes of milk or its equivalent in milk products, supplied by the producer during the calendar year 1975.

A sum equal to 50% of the premium shall be paid within the first three months of the period of non-marketing.

The remainder shall be paid in two equal instalments of 25% of the total premium during the third and fifth year, provided that the recipient proves to the competent authorities that he has fulfilled the undertakings mentioned in Article 2.

- (2) The level of the conversion premium shall be 90% of the target price for milk valid on the date of the acceptance of the application for / quantities not exceeding 150.000 kilogrammes of milk or its equivalent of milk products, supplied by the producer during the calendar year 1975.

A sum equal to 60% of the premium shall be paid within the first three months of the period of the non-marketing. The remainder shall be paid in two equal annual instalments of 20% of the total premium during the third and fourth year provided that the recipient proves to the competent authorities that he has fulfilled the undertakings mentioned in Article 3.

- (3) Producers who supplied more than 150.000 kilogrammes of milk or its equivalent of milk products in the calendar year 1975, shall get the non-marketing or conversion premium for 150.000 kilogrammes.

(4) The premiums can be cumulative with aids granted in the framework of Brucellosis, <sup>B</sup>T<sub>2</sub> and Leuzotic bovine leucosis eradication schemes. Where the producer participates in such a scheme, the upper limit of 150.000 kilogrammes referred to in paragraph (3)

- shall be increased by the quantities corresponding to the number of dairy cows affected by the diseases concerned, and
- shall not be applicable where more than 20 % of the female bovine <sup>animals</sup> beyond two years are affected by Brucellosis and the producer has undertaken to slaughter all female bovine animals on his holding within a three months period from the date of acceptance of the application.

## TITLE II

### GENERAL AND FINANCIAL PROVISIONS

#### Article 5

For the purposes of this Regulation :

1. "Producer" shall mean :

- (a) a farmer, who is a natural or legal person, whose holding is situated in Community territory and who rears bovine animals;
- (b) a group of natural or legal persons, which jointly uses means of agricultural production enabling them to rear bovine animals jointly in Community territory.

2. "Holding" shall mean :

all the production units farmed by the producer and situated in the territory of the Community.



Article 6

Any person taking over a holding may undertake in writing to continue to fulfil the obligations entered into by his predecessor. In such case, the amounts already paid shall not be repaid by the latter and the balance shall be paid to his successor. Otherwise, the amount already paid shall be reimbursed by the predecessor.

Article 7

The following in particular shall be laid down in accordance with the procedures provided for in Article 30 of Regulation (EEC) No 804/68 or Article 27 of Regulation (EEC) n° 805/68: .

- a) the time limit for submitting applications for the granting of the premiums;
- b) the definition of the "appropriate number" and the "appropriate current supply" referred to in Articles 2 (1) and 3 (1);
- c) the conditions relating to recognition of breeds referred to in Article 3 (3);
- d) the definition of the corresponding quantity referred to in Article 4 (4) first indent;
- e) the detailed rules for checking that obligations arising from the grant of the premiums are observed;
- f) the determination of the equivalences to be established for calculating the units of adult bovine and sheep animals;
- g) the conditions for continuing the entitlement to the premium in exceptional circumstances, in particular where the recipient ceases to work in agriculture;
- h) the other detailed rules for implementing the preceding Articles.

Article 8

All the measures provided for in this Regulation shall constitute a joint action within the meaning of Article 6 (1) of Regulation (EEC) No 729/70.

Article 9

- (1) The total estimated cost of the common measures chargeable to the EAGGF shall be       million units of account.
- (2) The measures referred to in this Regulation shall, save as otherwise provided; continue in application until **31 March 1978**.

Article 10

- (1) Expenditure incurred by Member States in connection with the measures provided for in this Regulation shall be eligible for aid from the Guidance Section of the EAGGF.
- (2) The Guidance Section of the EAGGF shall refund to the Member States 50% of the eligible expenditure.
- (3) Detailed rules for the application of paragraph 2 shall be adopted in accordance with the procedure layed down in Article 13 of Regulation (EEC) No 729/70.

Article 11

- (1) Requests for reimbursement in respect of expenditure incurred by the Member States shall relate to a calendar year and shall be forwarded to the Commission before 1 July of the following year.
- (2) The Commission shall take decisions on such requests, together or severally, in accordance with the procedure layed down in Article 7(1) of Regulation (EEC) No 729/70.

Article 12

- (1) Notwithstanding Article 8 of Regulation (EEC) No 729/70, the Member States shall take the measures necessary for the recovery of funds paid where, without prejudice of Article 8 (g), the undertakings given are not fulfilled.

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They shall inform the Commission of the measures taken, and in particular shall notify it periodically of the position as regards administrative and judicial proceedings relating thereof.

- (2) Sums recovered shall be reimbursed to the departments or agencies which made the payments and deducted by them from expenditure financed by the Fund in proportion to the amount financed by the Community.
- (3) Where it is impossible to recover sums paid, the financial consequences shall be borne by the Community and the Member States in proportion to their financial participation.
- (4) Interest may be charged on sums to be recovered.
- (5) Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 13 of Regulation (EEC) No 729/70.

#### Article 13

- (1) By 30 November 1977 at the latest the Commission shall submit to the Council, on the basis of information supplied by the Member States, a report on the application of the premium system.
- (2) After examining this report, the Council, acting by a qualified majority on a proposal from the Commission may decide, in the light of experience and of economic conditions in the sector in question, to maintain or to amend the premium system.

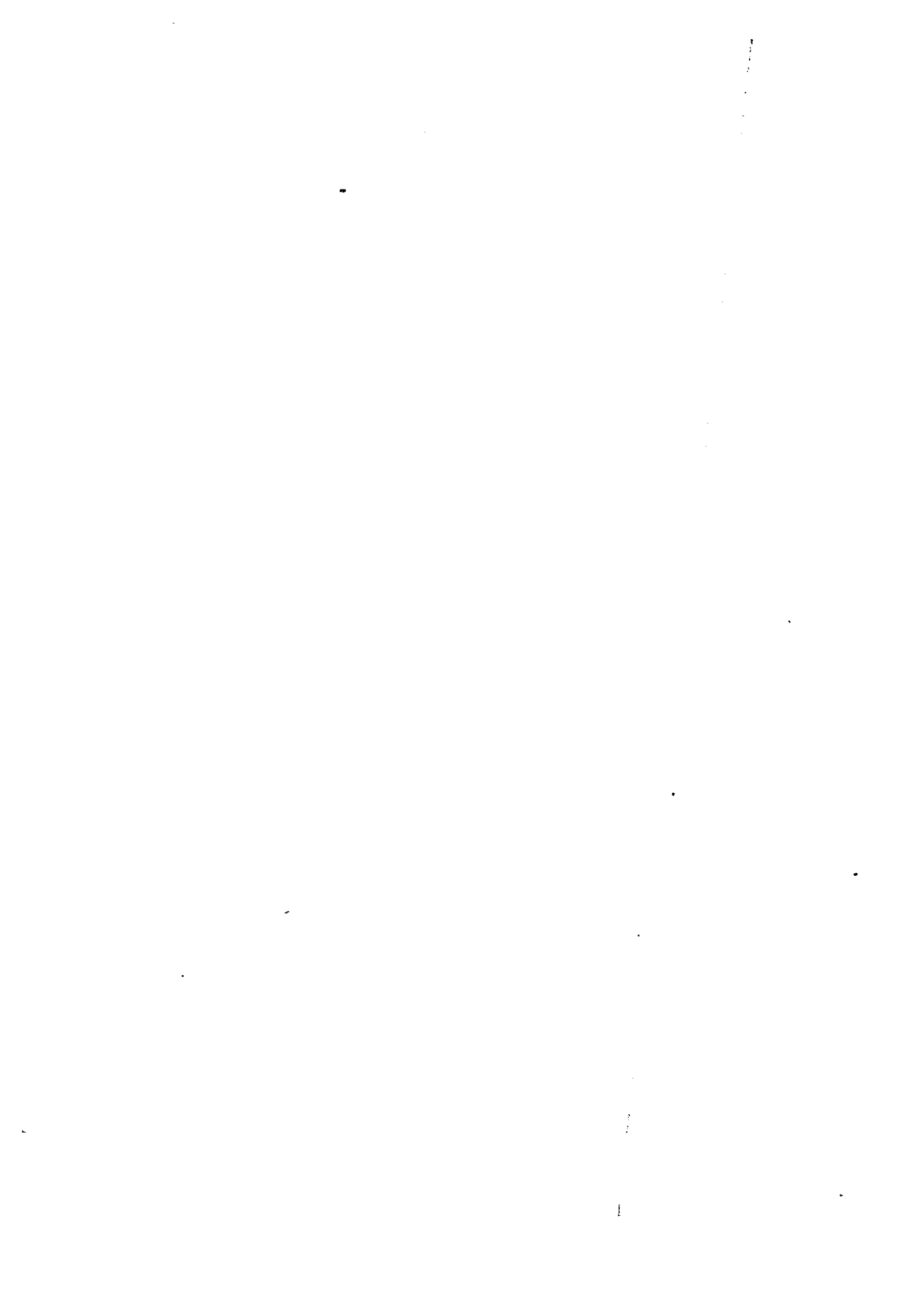
#### Article 14

This Regulation shall enter into force .

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council



Financial Annex

I. Financial implications of premium system for non-marketing of milk and milk products and for conversion of dairy herds to beef production.

RELEVANT BUDGET LINE: 8360

(a) Non-marketing premium

- Number of cows : 1977 - 500,000  
1978 - 650,000
- Average yield : 3,637 kg per cow
- 50% of cows owned by producers producing less than 50,000 kg, and 50% by producers producing between 50,000 and 150,000 kg
- Payment 50% 1st year, 25% 3rd year and 25% 5 year

Cost

Farms below 50,000 kg

	Tonnes milk	Premium	Total cost	Payment by Member State	EAGGF 50% refund
1977	909,250	150.84	137 MUA	68.5	
1978	1,182,025	150.84	178 MUA	89	34.3
1979				34.3	44.5
1980				44.5	17.10
1981				34.2	22.25
1982				44.5	17.10
1983					22.25
TOTAL				315	157.5

- Farms between 50,000 and 150,000 kg.

	Tonnes milk	Premium	Total cost	Payment by Member State	EAGGF 50% refund
1977	909,250	125.7	114 MUA	57.0	
1978	1,182,025	125.7	149 MUA	74.5	28.5
1979				28.5	37.25
1980				37.25	14.25
1981				28.5	18.6
1982				37.25	14.25
1983					18.6
TOTAL			263 MUA	263	131.5

## (b) Conversion premium

- Number of ccws            1977 - 75,000  
   1978 - 40,000
- Payment 60% 1st year, 20% 3rd year, 20% 5th year

	Tonnes milk	Premium	Total cost	Payment by Member State	EAGGF 50% refund
1977	272,775	150.84	41 MUA	24.6	
1978	272,775	150.85	41 MUA	24.6	12.3
1979				8.2	12.3
1980				8.2	4.1
1981				8.2	4.1
1982				8.2	4.1
1983					4.1
TOTAL			82 MUA	82	41

## III. Total cost to EAGGF

	ref (a)		ref (b)	Total
1977	-	-	-	-
1978	34.3	28.5	12.3	75.10
1979	44.5	37.25	12.3	94.05
1980	17.10	14.25	4.1	35.45
1981	22.25	18.6	4.1	44.95
1982	17.10	14.25	4.1	25.45
1983	22.25	18.6	4.1	44.95
TOTAL				330