

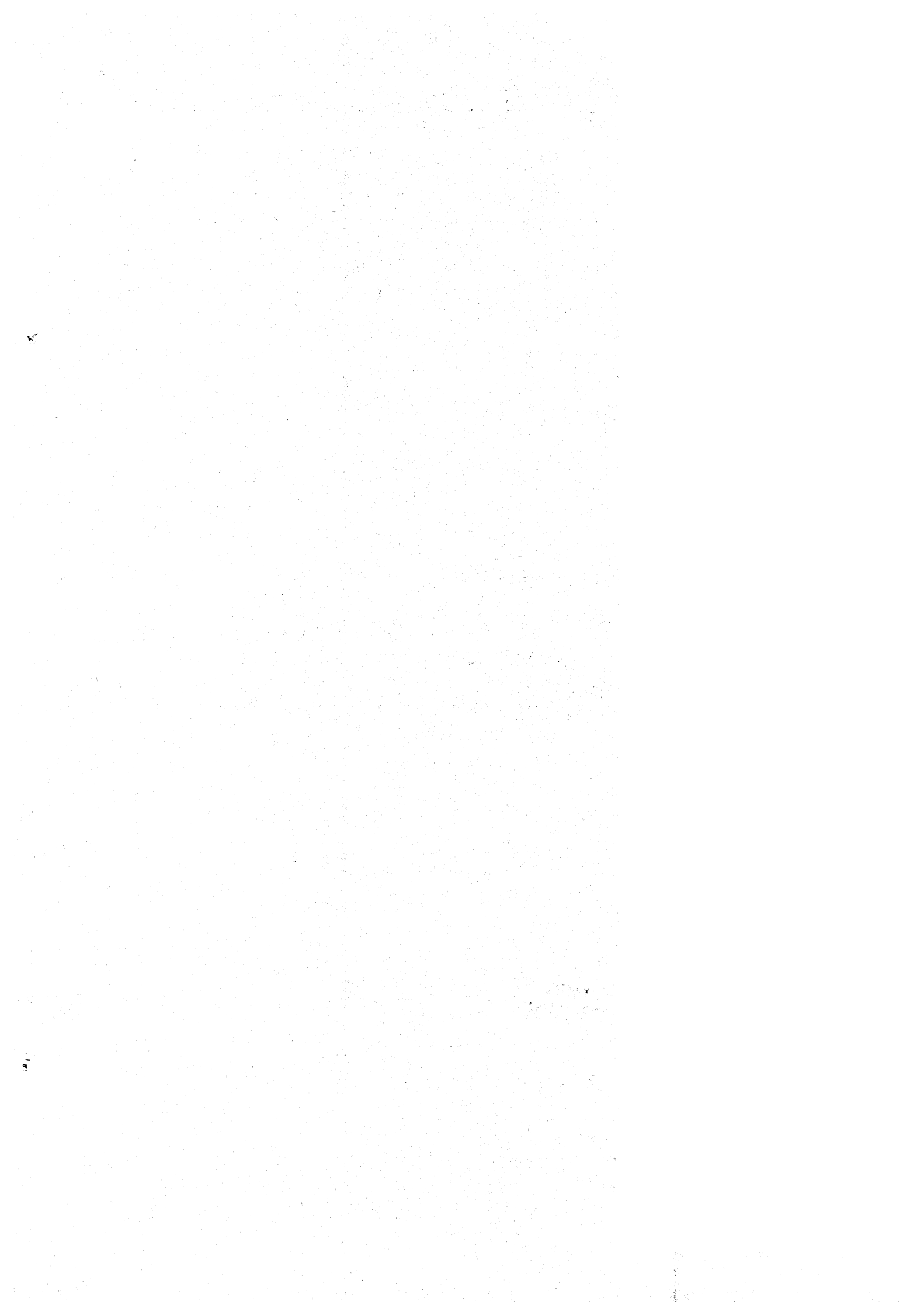
COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 696 final

Brussels, 6th December 1979

FOURTH COMMUNICATION TO THE COUNCIL
CONCERNING THE PROPOSED PROGRAMME FOR THE UTILISATION OF
CO-RESPONSIBILITY LEVY FUNDS IN THE MILK SECTOR

COM(79) 696 final



Fourth Communication to the Council concerning the proposed programme for the utilisation of Co-responsibility levy funds in the milk sector.

1. Article 4 (3) of Regulation (EEC) No 1079/77 requires the Commission, prior to the fixing of the period of application of the levy, to inform the Council of the programme of measures it proposes to implement in the coming milk year. The opinion of the Advisory Committee for Milk and Milk Products has been obtained, and their advice on this programme is communicated to the Council in the Annex to this document.
2. The Commission's Third Communication to the Council, dated 16 March 1979, estimated the amount of revenue from the levy for the period 16 September 1977 to 31 March 1979 at 231 MECU.

Due, however, to the prolongation of the 1978-79 milk year to 1 July 1979, there will be a resultant increase in the amount of revenue from the levy. The best estimate now available is that the total levy due, for the period 16 September 1977 - 1 July 1979, will amount to 260 MECU

This should actually be paid in before 31 December 1979 and in most cases excluding the Italian Parmesan producers - before 1 September 1979.

3. Résumé of allocations made from levy funds, 16 September 1977 - 1 July 1979.
Apart from measures for promotion and improvement of milk quality, expenditure has been less than originally estimated.

TABLE 1 ALLOCATION OF CO-RESPONSIBILITY FUNDS, COMMITTED IN THE PERIOD 16 September 1977 - 1 JULY 1979

Type of measure	Allocations made MECU
Promotional measures	65.3
Research within the E.E.C.	4.7
Research outside the E.E.C.	6.5
Improvement of milk quality	30.2
Schoolmilk	40.5
Butterfat for ice cream	59.9
Concentrated butter	9.9
TOTAL AMOUNT ALLOCATED	217

The figure of 65.3 MECU in the above table comprises both the allocations for the 1978-1979 milk year and the allocation already made for the 1979-80 milk year.

The allocation for the 1978-79 milk year was 32.6 MECU measures contracted accounting for 31.8 MECU. The remaining 0.8 MECU were allocated to the Butter Information Council for the 1979-80 milk year, bringing the total amount allocated for 1979-80 to 33.4 MECU. About 60% of this allocation will be paid out in advances before 31 December 1979. It is envisaged that, in principle, the final date for completion of measures contracted will be 31 March 1980.

4. Proposals for the allocation of levy funds in the 1979-80 milk year

The 1979-80 milk year is to run from 2 July 1979 to 31 March 1980. Article 2 (1) of Regulation (EEC) No 1271/79 sets the amount of the levy at 0.5% of the target price. The income from the levy generated from milk delivered in this period may be estimated at 66.5 MECU. The estimated levy yield for the period 16 September 1977 to 1 July 1979 is 260 MECU but actual allocations made in that period totalled 217 MECU thereby making 42.9 MECU available for use in the 1979-80 milk year. Adding this 42.9 MECU to the 66.5 MECU estimated as the revenue for the 1979-80 milk year gives a total of 109.4 MECU which may be utilised as follows:

5. Breakdown of proposed measures:

(a) Research within the E.E.C.

It is proposed to allocate 4.84 MECU. The Commission regards this as sufficient, as market research has been exhaustively covered under Regulation (EEC) No 723/78. Research measures should therefore be confined mainly to technical research. Contracts will be concluded in the course of 1980, with completion dates in 1982.

(b) Technical advice/Promotion outside the E.E.C.

The 10.88 MECU allocation estimated in the Commission's Third Communication should be maintained. A part of this sum, 7.25 MECU should be made available for generic promotion on third country markets. The remaining 3.63 MECU would be utilised in technical and commercial assistance measures; the Commission would propose conditions similar to those applicable under Regulation (EEC) No 1993/78. Contracts concluded in the course of 1980 will have completion dates in 1982.

(c) Improvement of milk quality

It seems appropriate to continue measures instigated in the 1978-79 milk year, with certain restrictions. The proposed allocation of 10.88 MECU should be distributed on the same basis as that used in the 1978-79 milk year. Contracts concluded in 1980 will have completion dates in 1982.

(d) Schoolmilk (the 1979-80 School year)

All Member States have now implemented this scheme, with a resultant rise in consumption. The aid has been increased to 100% of the target price, and 2/3 of this contribution will be paid from levy funds. The estimated expenditure for this measure is therefore 27.93 MECU

(e) Butterfat for ice cream

For the 9 month period 2 July 1979 - 31 March 1980, it is estimated that the quantity to be utilised is about 29,000 tons, 2/3 of which will be financed by levy funds. It is therefore proposed to allocate 26.23 MECU.

(f) Concentrated butter

This measure, introduced in 1978, has not fulfilled expectations. In 1978, only 3,000 of the 13,900 tons of butter made available were used. Maximum use in the 1979-80 milk year can be estimated at 5,000 tons, 2/3 of which will be financed by levy funds. The proposed allocation, therefore is 7.13 MECU.

(g) New measures to be determined

Given the Commission's proposals as outlined above, and the relevant proposed allocations, 21.52 MECU is reserved as available for new or improved measures yet to be determined.

TABLE 2 - BREAKDOWN OF PROPOSED MEASURES FOR THE MILK YEAR 1979/80

Proposed measures	Estimated Expenditure MECU
Research within the EEC	4.84
Technical advice/promotion outside the EEC	10.88
Improvement of milk quality	10.88
School milk	27.93
Butterfat for ice-cream	26.23
Concentrated butter	7.13
New or improved measures to be determined	21.52
TOTAL ESTIMATED EXPENDITURE	109.41

6. The following table shows a composite breakdown of actual expenditure (16 September 1977 to 1 July 1979) and the proposed allocations for the 1979-80 milk year.

TABLE 3 - SUMMARY OF ACTUAL AND PROPOSED USE OF THE INCOME FROM THE LEVY

Measures	Allocations Engaged to 1 July 1979 MECU	Allocations Proposed for 79/80 milk year MECU	Total Allocations MECU
Promotional measures	65.3	-	65.3
Research within the EEC	4.7	4.84	9.55
Research/technical advice/ promotion outside the EEC	6.5	10.88	17.41
Improvement of milk quality	30.2	10.88	41.10
School milk	40.5	27.93	68.43
Butterfat for ice-cream	59.9	26.23	86.07
Concentrated butter	9.9	7.13	17.04
New measures to be determined	-	21.52	21.52
TOTALS	217.0	109.41	326.42

* While, as seen above, funds have already been allocated to promotional measures within the Community for 1978/79 and 1979/80, none has yet been foreseen for expenditure under this heading in the milk year 1980/81. Therefore in order to preserve a certain continuity, it will probably be necessary to allocate some of this reserve for promotional programmes during that period.

Advice N° 26 of the Advisory Committee for Milk & Milk Products

The 4th Communication to the Council concerning a programme for the utilisation of Co-responsibility Levy funds, (Doc. CPL 39 - VI/4262/79), was presented to the Advisory Committee for milk and milk products at its meeting of 25 October 1979, and gave rise to no objections.

However, certain professional organisations wished to put forward the following comments:-

1. The producers and agricultural co-operatives emphasised

- the need to pursue, in 1980/81, the promotion efforts undertaken on the European milk market (15 MUC would be necessary), and the measures undertaken for the improvement of milk quality (this sector needing to benefit from additional appropriations);
- the obligation to favour the use of butterfats (a supplementary appropriation of 2 MUC should be made);
- the need to encourage sales of milk products outside the EEC, this attitude, however, being subject to certain reservations (see footnote (1)).

2. The milk products trade interests (wholesale and retail) renewed

their demands to be involved in the preparation of programmes for the utilisation of Co-responsibility funds.

- (1) N.B. The Dutch representatives estimate that the granting of funds for the promotion of sales outside the EEC, and which would be used for purposes other than for generic (neutral) publicity could have serious consequences as regards conditions of competition.

