

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(82) 32 final

Brussels, 17 Juni 1982

Proposal for a  
COUNCIL DECISION

authorizing the United Kingdom to permit the Isle  
of Man authorities to apply a system of special import  
licences to sheepmeat and beef and veal

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(submitted to the Council by the Commission)

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## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

The Isle of Man is one of the British Islands situated in the middle of the Irish Sea, and in the peripheral maritime region of Europe. It is not part of the United Kingdom, but it is a British Crown dependency. It has a large degree of internal self Government but external affairs and defence are the responsibility of the UK Government. There is a population of approximately 65 000 persons, and a further 500 000 tourists visit the island during the summer months.

The Treaty of Rome is declared to apply to the Isle of Man to the extent necessary to ensure the implementation of the arrangements set out in the Treaty of Accession. Those arrangements are laid down in Protocol 3 to that Treaty.

The broad effect is that whilst the island is required by Council Regulation 706/73 to apply EEC charges/tariffs, it neither contributes to nor is eligible to receive any benefits from Community funds.

### 2. MEAT SECTOR SITUATION

The main figures concerning production, consumption, exports and imports of the various meats are shown in the Annex. There was an expansion of beef and sheepmeat production from the time of accession of the United Kingdom to the Community until 1975, since when there has been a rapid decrease in production. Pork production followed an opposite trend. In 1973, 70% of beef and sheepmeat production was used for domestic consumption. In 1980 this proportion fell to 50% for beef and veal, and 64% for sheepmeat, the balance being exported, mainly to the United Kingdom. Only a very small proportion of pork is exported.

In the beef case, unrestricted imports of carcass meat have been allowed from the Irish Republic from May 1979, and the import level has progressively risen until it has now reached one third of the island's domestic meat consumption.

Some imports of beef were authorised from Northern Ireland in 1979 and, from June 1981 onwards, unrestricted imports have been admitted from this region.

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In the sheepmeat case, the seasonal production pattern does not entirely meet the demands arising from the high consumption levels reached during the tourist season. Therefore, before the introduction of the common organisation in the sheepmeat sector, imports were only allowed between April and July, and excess home production was exported in the autumn. Since 20 October 1980 unrestricted imports have been admitted from Ireland, Northern Ireland and New Zealand in the framework of the autolimitation agreement with the Community.

Directive 77/98 of 21 December 1976 accords the same animal health derogation to the Isle of Man as to Northern Ireland. The need to maintain the Island's high animal health status has led to the effective exclusion of third country lamb imports from any source other than New Zealand.

### 3. EXISTING MARKETING AND SUPPORT ARRANGEMENTS

The management of agricultural marketing is in the hands of the Isle of Man Agricultural Marketing Society set up by Statute in 1934. It is a producer organisation run by producers freely elected from all the parish areas of the Island and has a full-time employed staff. Its activities are split into separate entities responsible for Fatstock Marketing, Milk Marketing and one for Potatoes. All producers sell their produce to these Associations, which then manage their marketing and pay the producers.

To allow free export and import of agricultural products, those producers who wish to do so are exempt from the requirements to market through these Associations, in respect of milk, potatoes, and livestock for slaughter. Carcase meat still has to pass through the only public abattoir on the Island which is operated by the Fatstock Marketing Association (F.M.A.). The marketing costs of such exports of carcase meat are spread among all producers as they represent a lowered return to the industry as a whole. The internal marketing systems on the Island are considered to be the responsibility of the Isle of Man Government; so long as they do not interfere in the ability of individual producers to export their primary product.

However, the bulk of the sales of cattle, sheep and pigs are controlled by the FMA; in only a few cases does a producer sell his fatstock live for export to buyers in the United Kingdom or other Member States.

Returns to producers are supported by variable premium systems which are similar to that operated in the UK. The Isle of Man has traditionally adopted the same guaranteed price levels and the same guarantee although the Isle of Man prices are not included in arriving at the UK's weekly average market price on which the weekly

guarantee depends. The price paid to producers by the Association is either the UK average price or the guaranteed price in the week in question, whichever is the higher, less deductions to meet collection, slaughtering and dressing costs, and the Association's marketing and handling costs which are high.

The Island had a system of import controls on all agricultural products until the special relationship was agreed with the Community. Progressively these have been removed or modified in line with Community policy.

Licences are currently issued on request without limitations, and free of any charge, on imports originating in areas of comparable animal health status to the Isle of Man. In practice, these are the Republic of Ireland, N. Ireland and New Zealand. The licences are issued by the Animal Health Department of the Board of Agriculture, which is also responsible for the administration and monitoring of the arrangements for the admission of licensed imports. Recipients of an import licence are obliged to notify the Board of the arrival of each importation so that veterinary inspectors can ensure that the import consignment complies with the conditions of the licence.

#### 4. ISLAND'S CONCERN

The IoM authorities consider that the Island's remoteness makes it essential to maintain a viable livestock industry and also to safeguard incomes for home producers. Although the producer would contrive to get some protection from the guaranteed price, the value of the premiums paid to producers would be eroded if more of the Island's domestic production were forced into exports. The Island's Exchequer would also face the higher cost of support at the level provided for under the new regime.

Experience has shown that the Island's particular geographic and economic position makes it impossible to benefit from economies of scale in purchasing and marketing. For example, as a result of the unrestricted importation of eggs since 1973 there has been a regular reduction in the Island egg-laying flock which has fallen by 59% from 93 000 to 38 000, with a further fall anticipated by 1981.

#### 5. PROPOSED MEASURES

In order to meet the Island's concern about the need to safeguard producers' incomes within the framework of its own agricultural support system, the Commission proposes to permit the Isle of Man Authorities to apply certain trade mechanisms to control imports of beef and sheepmeat as well as cattle and sheep.

Due to the seasonal characteristics both of production and consumption of meat on the Island, the Authorities would effect import controls by means of import licences for sheepmeat and beef and veal which would be directly linked to the varying trade needs during the course of the year at times when home production failed to meet demand.

The Commission considers that these measures should be applied in such a way as to ensure equality of treatment for all products from Community or third country origins, and to maintain as far as possible the traditional pattern of trade.

The Commission also considers that these measures cannot derogate from the application of the measures taken in the basic regulations in the beef and sheepmeat sectors concerning trade with third countries, but are to be considered as supplemental to those measures.

The Commission is of the opinion that those measures can be taken in accordance with Articles 1(2) and 5 of the Protocol No 3 to the Act concerning the conditions of accession and the adjustments to the Treaties of 22 January 1972. Therefore, the Commission proposes to the Council the present decision as an authorisation given to the United Kingdom to permit the Isle of Man authorities to apply a system of special import licences to sheepmeat and beef and veal.

THE ISLE OF MAN BOARD OF AGRICULTURE AND FISHERIES

CARCASE MEAT STATISTICS IN KILOGRAMS

1) TOTAL PRODUCTION

| <u>Year</u>       | <u>CATTLE</u> | <u>SHEEP</u> | <u>PIGS</u> | <u>TOTAL</u> |
|-------------------|---------------|--------------|-------------|--------------|
| 1973              | 1,762,980     | 990,735      | 412,146     | 3,165,861    |
| 1974              | 2,322,685     | 1,070,390    | 386,264     | 3,779,339    |
| 1975              | 2,812,998     | 1,101,907    | 304,781     | 4,219,686    |
| 1976              | 2,472,515     | 871,884      | 334,494     | 3,678,893    |
| 1977              | 2,481,631     | 881,928      | 335,579     | 3,699,138    |
| 1978              | 2,404,073     | 811,191      | 389,335     | 3,604,599    |
| 1979              | 2,259,175     | 806,568      | 396,596     | 3,462,339    |
| 1980              | 2,133,976     | 894,808      | 456,982     | 3,485,766    |
| 1981<br>(Jan-Oct) | 1,937,995     | 706,898      | 337,878     | 3,002,771    |

2) HOME USE (LOCAL PRODUCTION)

| <u>Year</u>       | <u>CATTLE</u> | <u>SHEEP</u> | <u>PIGS</u> | <u>TOTAL</u> |
|-------------------|---------------|--------------|-------------|--------------|
| 1973              | 1,237,586     | 683,432      | 412,146     | 2,333,164    |
| 1974              | 1,458,699     | 635,624      | 386,264     | 2,480,587    |
| 1975              | 1,493,843     | 675,387      | 304,781     | 2,474,011    |
| 1976              | 1,496,226     | 589,536      | 334,494     | 2,400,256    |
| 1977              | 1,456,782     | 566,678      | 335,579     | 2,359,039    |
| 1978              | 1,518,988     | 529,454      | 389,335     | 2,437,777    |
| 1979              | 1,272,704     | 369,290      | 396,596     | 2,149,590    |
| 1980              | 1,065,368     | 573,596      | 450,666     | 2,089,630    |
| 1981<br>(Jan-Oct) | 883,424       | 322,668      | 322,979     | 1,529,071    |

3) EXPORT

| <u>Year</u>       | <u>CATTLE</u> | <u>SHEEP</u> | <u>PIGS</u> | <u>TOTAL</u> |
|-------------------|---------------|--------------|-------------|--------------|
| 1973              | 525,394       | 307,303      | -           | 832,697      |
| 1974              | 863,986       | 434,766      | -           | 1,298,752    |
| 1975              | 1,319,155     | 426,520      | -           | 1,745,675    |
| 1976              | 976,289       | 302,343      | -           | 1,278,637    |
| 1977              | 1,024,849     | 315,250      | -           | 1,340,099    |
| 1978              | 885,085       | 281,737      | -           | 1,166,822    |
| 1979              | 986,471       | 326,278      | -           | 1,312,749    |
| 1980              | 1,068,608     | 321,212      | 6,316       | 1,396,136    |
| 1981<br>(Jan-Oct) | 1,054,571     | 384,230      | 14,899      | 1,453,700    |

4) IMPORT

| YEAR | BEEF (Origin)                    | LAMB (Origin)  | PORK (Origin)                  | TOTAL   |
|------|----------------------------------|----------------|--------------------------------|---------|
| 1973 | 55,849 (N.Z.)                    | 12,283 (N.Z.)  | 46,100 (N.I. & R.I.)           | 114,232 |
| 1974 | 45,473 (N.Z.)                    | 40,899 (N.Z.)  | 35,781 (N.I. & R.I.)           | 122,153 |
| 1975 | 9,631 (N.Z.)                     | 11,636 (N.Z.)  | 51,404 (N.I. & R.I.)           | 72,671  |
| 1976 | 28,361 (N.Z.)                    | 25,375 (N.Z.)  | 22,380 (N.I. & R.I.)           | 76,116  |
| 1977 | 7,751 (N.Z.)                     | 19,016 (N.Z.)  | 40,360 (N.I. & R.I.)           | 67,127  |
| 1978 | 23,448 (N.Z.)                    | 16,919 (N.Z.)  | 41,923 (N.I. & R.I.)           | 82,290  |
| 1979 | 412,064 (R.I.)<br>29,806 (N.I.)  | 111,369 (N.Z.) | 83,282 (R.I.)<br>15,630 (N.I.) | 652,151 |
| 1980 | 498,302 (R.I.)                   | 55,402 (N.Z.)  | 39,967 (R.I.)<br>19,567 (N.I.) | 613,238 |
| 1981 | 239,742 (R.I.)<br>140,984 (N.I.) | 49,710 (N.Z.)  | 85,890 (N.I.)                  | 276,584 |

5) TOTAL ISLAND MEAT CONSUMPTION

| YEAR           | BEEF      | LAMB    | PORK    | TOTAL     |
|----------------|-----------|---------|---------|-----------|
| 1973           | 1,293,435 | 695,715 | 458,246 | 2,447,396 |
| 1974           | 1,504,172 | 676,523 | 422,045 | 2,602,740 |
| 1975           | 1,503,474 | 687,023 | 356,185 | 2,546,682 |
| 1976           | 1,524,587 | 594,911 | 356,874 | 2,476,372 |
| 1977           | 1,464,533 | 585,694 | 375,939 | 2,426,166 |
| 1978           | 1,542,436 | 546,373 | 431,258 | 2,520,067 |
| 1979           | 1,714,574 | 591,659 | 495,508 | 2,801,741 |
| 1980           | 1,563,670 | 628,998 | 510,200 | 2,702,868 |
| 1981 (Jan-Oct) | 1,205,409 | 372,378 | 378,657 | 1,956,444 |

6) MONTHLY IMPORT COMPARISON OF BEEF, LAMB AND PORK 1979, 1980 and 1981

| MONTH    | BEEF    |         |         | LAMB    |        |        | PORK   |        |         |
|----------|---------|---------|---------|---------|--------|--------|--------|--------|---------|
|          | 1979    | 1980    | 1981    | 1979    | 1980   | 1981   | 1979   | 1980   | 1981    |
| Jan      |         | 49,469  | 38,092  |         | NIL    | NIL    |        | NIL    | NIL     |
| Feb      |         | 35,398  | 21,054  |         | NIL    | NIL    |        | 4,751  | NIL     |
| March    |         | 29,774  | 33,890  |         | NIL    | NIL    |        | 6,731  | NIL     |
| April    | 59,612  | 41,260  | 33,973  | 13,369  | 9,102  | NIL    | 31,259 | 7,044  | NIL     |
| May      | 30,932  | 37,395  | 24,957  | 55,000  | 30,716 | 31,389 | 1,179  | 1,099  | NIL     |
| June     | 73,983  | 36,105  | 38,030  | 21,840  | 7,730  | 8,103  | 11,232 | 5,409  | 6,129   |
| July     | 73,155  | 60,259  | 49,122  | 21,160  | 7,854  | 10,218 | 16,920 | 10,108 | 22,565  |
| August   | 64,497  | 42,433  | 32,154  | NIL     | NIL    | NIL    | 9,588  | 7,574  | 4,823   |
| Sept     | 37,617  | 59,200  | 23,907  | NIL     | NIL    | NIL    | 5,580  | NIL    | 14,021  |
| October  | 32,337  | 28,656  | 26,746  | NIL     | NIL    | NIL    | 4,952  | NIL    | 8,141   |
| November | 42,501  | 32,702  | 32,614  | NIL     | NIL    | NIL    | 6,555  | NIL    | 119,448 |
| December | 27,236  | 45,651  | 26,127  | NIL     | NIL    | NIL    | 11,647 | 16,827 | 10,763  |
|          | 441,870 | 498,302 | 380,726 | 111,369 | 55,402 | 49,710 | 98,912 | 59,534 | 85,890  |

23rd November 1981.



7. Monthly Comparison of Market Prices for all Live Cattle including Cows in Northern Ireland and in the Republic of Ireland

in UK£/100 kg liveweight

| Month     | Northern Ireland |        | Republic of Ireland |        |
|-----------|------------------|--------|---------------------|--------|
|           | 1981             | 1982   | 1981                | 1982   |
| January   | 73.270           | 92.363 | 64.930              | 80.339 |
| February  | 75.639           | 92.152 | 65.146              | 81.394 |
| March     | 81.509           | 93.138 | 70.092              | 84.295 |
| April     | 82.442           |        | 72.896              |        |
| May       | 83.465           |        | 71.075              |        |
| June      | 83.009           |        | 70.406              |        |
| July      | 78.138           |        | 70.890              |        |
| August    | 77.286           |        | 72.239              |        |
| September | 80.275           |        | 73.333              |        |
| October   | 79.335           |        | 74.644              |        |
| November  | 83.991           |        | 74.340              |        |
| December  | 88.369           |        | 75.435              |        |
| ∅         | 80 561           |        | 71 190              |        |

- the difference in prices may be explained by the MCA charged on R.I. beef imported into N.I. (about 10 UK£/100 kg liveweight in 1981 as an average).

- the fact that a significant proportion of the total imports of beef on the Isle of Man in 1981 was from N.I. origin is due to:

i) less transport costs from N.I. ( 10 pence/kg) than from R.I. (15-20 p/kg).

ii) price differences for certain qualities requested by the trade (like steers of good quality) which appear to be less than the average differences recorded between N.I. and R.I.

(For 1981 the average price for Steers I (R.I.) is 78 766 UK£/100 kg and for Steers L (N.I.) 84 378 UK£/100 kg.)

iii) UK MCA to be paid on Irish beef introduced in the Isle of Man (directly or through a GB port).

PROPOSAL FOR A  
COUNCIL DECISION

authorising the United Kingdom to permit the Isle of Man authorities to apply a system of special import licences to sheepmeat and beef and veal

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Communities,

Having regard to Protocol No 3 to the Act of Accession of 1972, and in particular Article 1(2) and the second paragraph of Article 5 thereof,

Having regard to the proposal from the Commission,

Whereas Community rules concerning trade with third countries in agricultural products subject to a common organisation of the market apply to the Isle of Man in accordance with Article 1(2) of Protocol No 3 to the Act of Accession and with Council Regulation (EEC) No 706/73 (1);

Whereas livestock production is a traditional activity on the Isle of Man and plays a central part in the Island's agriculture;

Whereas prior to the introduction of the common organisation of the market in sheepmeat and goatmeat within the Community the Isle of Man, as part of its local market organisation, applied certain mechanisms to control imports of sheepmeat into the Island in order to ensure that the need to supply the requirements of the trade could be met whilst avoiding distortions in the pattern of sheep production and indirectly in cattle production on the Island and in its own agricultural support system;

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(1) OJ No L 68, 15.3.1973, p. 1.

Whereas in the context of the trade arrangements with certain third countries pursuant to the common organization of the market which apply to the Isle of Man, subject to the Community provisions which govern the relationship between the Island and the Community, it is desirable to permit the Island authorities to apply certain measures in order to protect its own production and the working of its own agricultural support system;

Whereas therefore the United Kingdom should be permitted to authorise the Isle of Man Government to apply a system of special licences for imports of sheepmeat and beef and veal originating in third countries and in Member States of the Community, without prejudice to the measures concerning trade with third countries provided for by Council Regulations (EEC) No 805/68 (2) and No 1837/80 (3),

HAS DECIDED AS FOLLOWS:

#### Article 1

1. In order to limit imports the United Kingdom may authorise the Isle of Man Government to apply a system of special import licences to products of the sheepmeat and beef and veal sectors, falling within subheadings 01.02 A, 02.01 A II, 01.04 and 02.01 A IV of the Common Customs Tariff.
2. This system shall be applied without prejudice to the application of the measures provided for in Title II of Regulations (EEC) No 805/68 and (EEC) No 1837/80.
3. This system shall be applied in such a way as to ensure equality of treatment for all products from whatever source and for all importers of meat, while maintaining as far as possible the traditional patterns of trade and taking account of the Communities' rules as to animal health.
4. The United Kingdom shall inform the Commission of the measures taken in pursuance of paragraph 1.

#### Article 2

This Decision is addressed to the United Kingdom.

Done at Brussels,

For the Council

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(2) OJ No L 148, 28.6.1968, p. 24.  
(3) OJ No L 183, 16.7.1980, p. 1.

