

COMMISSION OF THE EUROPEAN COMMUNITIES

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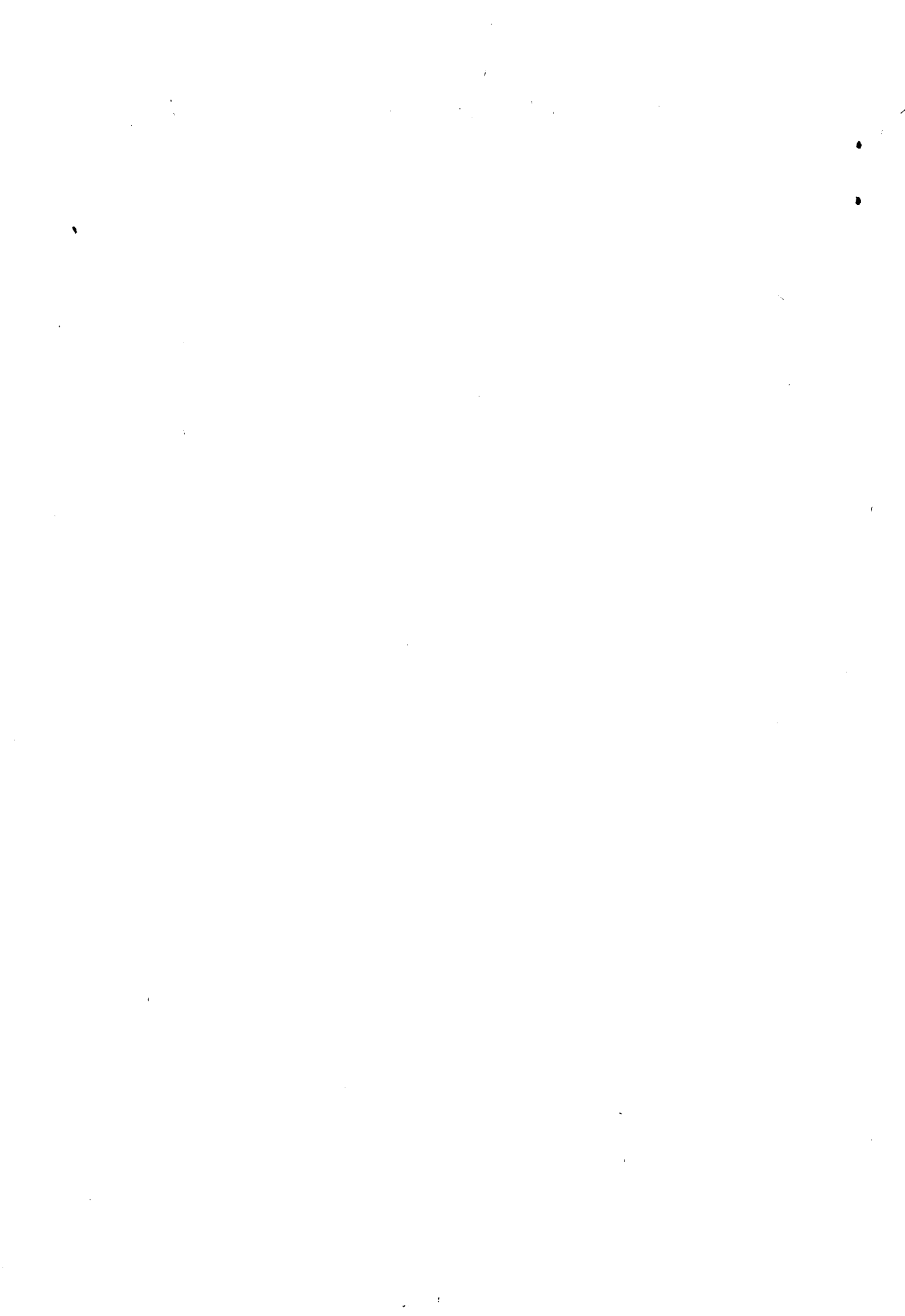
Brussels, 17 September 1975

Proposal for a

COUNCIL REGULATION

modifying Council Regulation No. 464/75/EEC,
of 27 February 1975, establishing systems of
premiums for the producers of bovine animals

(submitted to the Council by the Commission)



EXPLANATORY MEMORANDUM

1. Within the framework of the Commission's propositions relating to the fixing of prices for the 1975/1976 campaign, the Council adopted on 24 February 1975, Regulation No. 464/75/EEC establishing systems of premiums for producers of bovine animals¹.

This system of premiums permits on the one hand a premium for the retention on the holding of cows and on the other hand a premium for the birth and rearing of calves.

2. The system of premiums contributes in a general way to improve farmers' income, by, in the short term, providing a direct supplementary revenue, and in the medium and long term by encouraging them to develop their herds and in consequence beef production.

It is reasonable to ask the question whether the cost of this regulation should be charged to the Guarantee Section of the E.A.G.G.F. due to the aspect of the direct and rapid financial improvement to farmers' incomes, or should it be charged to the Guidance Section of the E.A.G.G.F. due to the structural effect of the regulation in increasing the production of beef, or charged to both Sections.

When it is borne in mind the conditions under which the decision was taken, that it permitted in the framework of the fixing of agricultural prices the improvement of farm incomes in the short term, it was decided to attribute the financing of this action to the Guarantee Section.

3. In the light of the experience of applying this system of premiums, it became apparent that the structural effects of the system, which had been put forward during the negotiations of the regulation, were as important to the beneficiaries of the premiums as the temporary improvement of their incomes.

In effect :

- the premium for the retention on the holding of cows stopped the trend, apparent since the end of 1973, of the reduction in the numbers of cows in the national herds. This premium has the undeniable effect of maintaining cow numbers on holdings, to which is directly linked the Community's potential

¹ O.J. No. L 52, 28.2.1975

of young animals available for beef production.

- the premium for the birth of calves constitutes an inducement to improve the fecundity of bovine herds, since it is directly linked to the number of calves on the holding. It should therefore lead to the improvement of the genetic quality of the herd as well as encouraging the use of the more prolific breeds of cattle. It will result, furthermore, in an increase in the number of young bovine animals on holdings.
- at the present time, the rational management of beef producing holdings can only be assured by the aid of a sufficiently high productivity linked not only to the application of the most recent technical improvements (in particular genetic improvement) but also to the optimum use of man power. The fact of accepting the system of premium implies, quite often, for the farmer the need to improve, or at least to maintain, a high level of productivity in his holding.

4. The system of premiums results, in contributing to a number of the objectives laid down in Article 39, paragraph 1(a) of the Treaty, and due to this fact is susceptible to enter into the framework of actions financed by the Guidance Section of the E.A.G.G.F. It should be noted that this system has suspended, for the regions in which it is put into operation, the application of Regulation No. 1353/73/EEC¹ foreseeing premiums for the development of beef producing herds, which constitutes completely a common action in the sense of Article 6, paragraph 1 of Regulation No. 729/70/EEC. Indeed, the proposed system of premiums encourages, as was the case for Regulation No. 1353/73/EEC, the maintaining of the calf production potential in the Community.

¹ O.J. No. L 141, 28.5.73, p. 18

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