

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 66 final

Brussels, 10 March 1982

SIXTH COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Concerning the programme for the utilisation of Coresponsibility
levy funds in the Milk Sector for the 1982/83 milk year

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Sixth Communication to the Council concerning the programme for the utilisation of Coresponsibility levy funds in the Milk Sector for the 1982-1983 milk year

1. Article 4(3) of Council Regulation (EEC) N° 1079/77 requires the Commission to inform the Council of the programme of measures it proposes to implement for the use of Coresponsibility levy funds.

Accordingly, this document contains the Commission's proposals for the allocation of Coresponsibility levy funds for the 1982-1983 milk year.

2. Résumé of total allocations made, using levy funds generated in the period 16 September 1977 to 31 March 1981:-

The Fifth Communication to the Council (COM(81) 379 final, of 14.7.1981) accounted for revenue up to 31 March 1981. The following table shows allocations made up to and including the 1981 - 1982 campaign, from total levy funds generated in the period 16 September 1977 to 31 March 1982.

TABLE I: Allocation of levy funds up to 31 March 1982

MEASURES	Allocations MECU
Promotional measures	113,4
Research within the EEC	10,2
Research/Technical Assistance/ Promotion outside the EEC	15,7
Improvement of milk quality	45,1
School Milk	170,4
Butterfat for Ice Cream	122,1
Concentrated Butter	23,0
TOTAL	499,9

3. Total levy receipts for the period 16 September 1977 to 31 March 1981 amount to 658,5 MECU. The estimated income for the period 1 April 1981 to 31 March 1982 is 541,5 MECU. Therefore, for the period 16 September 1977 to 31 March 1982, total levy receipts amount to 1.200 MECU. In the period to 31 December 1981 (calendar year basis) total levy receipts amount to 1.000,3 MECU.

As shown in Table I, total allocations under specific programmes for the period to 31 March 1982 are estimated to amount to 499,9 MECU.

4. Proposals for the allocation of levy funds for the continuation in the 1982 - 1983 milk year of programmes developed up to now for sales promotion

(a) Promotional measures within the Community:-

(i) Sales promotion and publicity:

The Coresponsibility Group is in favour of the continuation of promotional measures for the 1982-1983 milk year. To finance the continuation of these measures, it is proposed to allocate 35 MECU. The amount allocated to the United Kingdom includes the amount designated for the Butter Information Council. Each Member State will therefore receive a higher amount than that allocated for the 1981-1982 milk year.

(ii) School Milk:

It was estimated that for the 1981-1982 milk year, the sum of 82,5 MECU would adequately finance this programme, two-thirds of which would be financed from levy revenue. With the introduction of Regulation (EEC) N° 856/81, the Council has decided that, regarding whole milk, the Community contribution will be equal to the target price of milk applicable in the milk year. Taking this decision into account on the one hand, and the rise in the target price to 24,26 ECU/100 kg. on the other, the total cost for this programme is now estimated at 97.5 MECU, two-thirds of which will be financed from levy revenue, i.e. 65 MECU.

(b) Technical assistance and promotional measures outside the Community:

Under Regulation (EEC) N° 2937/79 of 20.12.1979, measures were undertaken concerning the development of the use and consumption of Community milk products outside the Community. These actions comprise technical assistance in the area of improvement of trade conditions, consumer information, and publicity for milk products of Community origin, as well as additional generic sales promotion and publicity for the said products. These measures should be completed by 31 March 1982. Actions carried out to date have shown their effectiveness, and have been

favourably accepted. In order to intensify such measures, it is proposed to continue and strengthen them. Accordingly, it is proposed to allocate some 30 MECU to such measures.

(c) Butterfat for Ice cream

The estimated quantity to be used in the period 31.3.1982 to 31.3.1983 is about 35.000 tonnes, two-thirds of which will be financed by levy funds. It is therefore proposed to allocate some 25 MECU for this measure.

(d) Measures for the improvement of milk quality:

It is proposed to continue the measures concerning the improvement of milk quality particularly in Italy and Ireland, because of their arrears in this field, and to include Greece in the scheme. An allocation of 6 MECU is proposed for these measures.

(e) Research measures within the Community, e.g. research into new products.

Under Regulation (EEC) N° 2935/79 of 20.12.1979, measures were undertaken concerning research work within the Community in respect of milk and milk products, which should be completed by 31 March 1982. The Coresponsibility Group is in favour of the continuation of such measures, and accordingly it is proposed to allocate 6 MECU for these measures.

TABLE II Proposed measures and allocations for the 1982-1983 milk year

Measures	Amounts to be allocated MECU
Promotional measures within the Community	35
School Milk	65
Technical assistance and promotional measures outside the Community	30
Butterfat for ice-cream	25
Improvement of Milk quality	6
Research measures within the Community	6
TOTAL	167

Total estimated receipts (less specific expenditure covered in previous programmes) to 31 March 1982 are estimated at 700 MECU, and total allocations to specific measures for 1982/82 amount to 167 MECU.

5. Establishment of priorities

The Ceresponsibility Group confirms its opinion, that two other sectors should be considered for measures to be financed from Ceresponsibility funds. On the one hand, one should try to improve the effectiveness of the export policy. On the other hand, a contribution could be made to the improvement of market equilibrium within the Community, taking into account actual developments, with defined aids for the sale of additional quantities of butter and skimmed milk powder, and for structural measures on the level of production and the market.

In the light of further consultations in the group, the following priority areas are indicated:

- (i) In direct relation to the development of the export market, particular priority is attached to further improvement to the conditions under which exports of dairy products take place, for example, through an agreed system of increasing prefixed refunds if support prices are increased;
 - for example, in the context of outline agreements, if so agreed by the Council;
 - other specific actions:

value.

- (ii) In order to sustain and, if possible, improve the present level for world prices, the creation of large Community stocks must be avoided. It is imperative, therefore, to continue and intensify the Community's disposal measures within the Community:-

- by maintaining butter disposal measures, whilst taking the necessary steps to replace butter from storage by butter on the open market;
 - by maintaining the aids for skimmed milk powder, whilst taking note of the evolution of the prices of competitive proteins and of the situation on the calf feed market;
 - by introducing special sales of skimmed milk powder into sectors other than for calf feed, if the development of stocks makes it necessary.
6. The continuous development of the measures for the disposal of surpluses would be put into operation after consultation with the Group, or with experts designated by the Group, even if the measures discussed are not to be directly funded from Coresponsibility Levy receipts.

7. Carry-over of funds from 1981 to 1982

The professional organisations in the Coresponsibility Group considered that funds not allocated to specific programmes should be carried over to 1982. The Commission considers that Coresponsibility levy receipts are available not only to finance specific measures, but as a contribution to general FEOGA expenditure notably in the dairy sector. The Commission will bear this in mind, as well as the Parliament's position on the questions of carry-over and annuality, when considering a proposal for the use of the funds.

The advice of the Advisory Committee for Milk and Milk products is attached as an Annex.

Annex

Opinion

of the Advisory Committee on Milk and Milk Products

The Committee delivered a favourable opinion on the proposed programme.

The following remarks were made:

- The Members representing producers and cooperatives asked for an explicit statement in point 7 of the text that the European Parliament Resolution covered the carry-over of all unused funds for specific programmes.
- A Member representing the processing industries declared his opposition to a statement in the communication giving outline agreements as a priority field for finance by co-responsibility funds.
- Some Members representing consumers pointed out that the Regulations covering outlets in the social sector should include measures to block loopholes in the transitional periods and that those Regulations should limit the formalities to be accomplished by operators to the minimum strictly necessary.
- Members from several economic sectors indicated that they would rather have seen higher amounts allotted and longer-term planning (at least two years) for the measures covering improvement of milk quality and research within the EEC.