

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

1974-1975

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12 July 1974

DOCUMENT 203/74

### Report

drawn up on behalf of the Committee on Agriculture

on the proposal from the Commission of the European Communities to the  
Council (doc. 204/74) for a Regulation supplementing Regulation (EEC)  
no . . . . . as regards the financing of the sale of beef and veal at reduced prices  
to certain categories of consumer

Rapporteur: Mr Cornelis LABAN

PE 37.654/fin.



By letter of 11 July 1974 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 43 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation supplementing regulation (EEC) no... as regards the financing of the sale of beef and veal at reduced prices to certain categories of consumer.

The European Parliament in its July 1974 plenary session referred this proposal to the Committee on Agriculture as the committee responsible and the Committee on Budgets as the committee asked for its opinion.

The Committee on Agriculture appointed Mr. Laban rapporteur on 11 July 1974.

It considered this proposal at its meeting of 11 July 1974.

At the same meeting the committee adopted the motion for a resolution and the explanatory statement by 11 votes to 3, with 1 abstention.

The following were present : Mr Houdet, chairman; Mr Laban, vice-chairman and rapporteur; Mr Albertsen (deputizing for Mr Dalsager), Mr Baas, Mr Berthoin (deputizing for Mr Hunault), Mr Cifarelli, Mr De Keersmaeker, Mr Frehsee, Mr John Hill, Mr de Koning, Mr Martens, Mr Jørgen Nielsen, Mrs Orth, Sir John Peel (deputizing for Mr Jakobsen) and Lord St. Oswald (deputizing for Mr Scott-Hopkins).

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Regulation supplementing regulation (EEC) no.... as regards the financing of the sale of beef and veal at reduced prices to certain categories of consumer.

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM (74) 1111 final B-II);
  - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (Doc. 204/74),
  - having regard to the Report of the Committee on Agriculture and the Opinion of the Committee on Budgets (Doc. 203/74),
  - considering that the situation on the beef market, characterized in the past months by abnormally low prices and important intervention stocks;
  - considering that this situation is aggravated by the technical impossibility to intervene on a sufficient scale to relieve the market, and that the Commission has proposed other measures to facilitate sales of surplus beef, and in particular the sales of beef and veal to certain categories of consumers at a reduced price;
1. Asks the Commission to carry out an investigation in depth with regard to the serious difficulties existing on the beef and veal market, and asks, furthermore, that the Commission introduce effective measures to prevent these difficulties re-occurring in the future.
  2. Asks the Commission to examine thoroughly, within the framework of normal trade practices, all the possibilities:
    - (a) of further reducing, temporarily, imports of beef from third countries;
    - (b) of increasing the sales of beef at acceptable prices on the world market;
  3. Requests that within the Community all qualities of beef meat be released from stocks at prices acceptable to all consumers;
  4. Calls upon Member States to examine the possibilities of improving distribution networks;

5. Asks Member States to market beef at a reduced price in such a manner that individual dignity is not impaired;
6. Requests the Commission to draw up a report, after the implementation of these measures, concerning additional sales resulting from these measures, broken down according to countries and categories of consumers benefiting from these measures;
- 7 Approves, in principle, the Commission's proposal, subject to these reservations;
8. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTThe purpose of the Commission's proposal

1. The purpose of this proposal is to lay down rules concerning the financing of sales of beef to certain categories of consumers: 50% of the cost to be provided from the Guarantee Section of the EAGGF and 50% by the Member State concerned.

The situation in the beef sector and the Commission's overall proposals

2. The beef market in the recent past has been characterized by abnormally low prices received by the producer, exceptionally high feed costs, together with a decline in consumption due to the relatively high consumer prices. This situation has led to very high levels of beef being placed in intervention. This situation is likely to be aggravated as producers, unwilling to pay the high feed costs prevalent, slaughter stock presently in pasture.

For technical reasons it is not possible, nor in some Member States would it be politically desirable, to undertake intervention buying on a sufficient scale to relieve the market. Normal measures for clearing stocks will not be sufficient to prevent an increase in stocks in the near future.

3. Therefore, the Commission of the European Communities has proposed a number of additional measures ranging from the distribution of beef at a reduced price to canning partially intended for food aid, a temporary non-slaughtering premium of 100 u.a. per animal, the extension of the 'pairing' practice to all imported meats, a temporary halt to meat imports intended for inward processing traffic, a suspension of import certificates for most categories of meat and a marketing campaign.

4. The proposed regulation establishing the general rules concerning the sale of beef at a reduced price allows for Member States to grant aids to allow for the sales of reduced price beef to those receiving social assistance, such as schools, charitable organizations, the aged, and other categories of badly off social classes.

Similar measures have been taken in the dairy sector for butter on two occasions (Regulations (EEC) Nos. 2716/72 and 1191/73)<sup>1</sup>.

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<sup>1</sup> OJ No L 291 of 28/12/72 and No L 122 of 9/5/73

The proposed regulation is based on Article 17 of Regulation (EEC) No. 805/68<sup>1</sup>, modified by Article 18 of the proposed modification of the common organization of the market in beef and veal, which allows for the Council to take necessary measures when a substantial rise or fall in prices threatens the stability of the market, and to act by a qualified majority on a proposal from the Commission to adopt general rules of application.

The European Parliament has already given its opinion on this proposal<sup>2</sup>. The European Parliament therefore is not consulted on the proposal for sales of beef at a reduced price.

#### The financing of reduced price beef

5. Article 3 of Regulation (EEC) No. 729/70 of 21 April 1970<sup>3</sup> lays down that intervention to regulate agricultural markets shall be financed by the Guarantee Section of the EAGGF.

6. The present proposal puts forward an Article 2(a) to the proposed regulation on the sale of beef at reduced prices, as a derogation to Article 3 of Regulation (EEC) No. 729/70, to lay down that the Guarantee Section of the EAGGF shall cover only 50% of costs resulting from sales of beef at reduced prices.

7. This proposal follows previous measures, those providing for the sale of butter at reduced prices, in limiting the contribution of the EAGGF to 50% of the aid<sup>4</sup>.

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<sup>1</sup> OJ No. L 148, p.24, as amended by Regulation (EEC) No 187/73, OJ L 25, p.23.

<sup>2</sup> Report drawn by Mr SCOTT-HOPKINS, Mr de KONING and Mr GIBBONS, Doc. 366/73, 12 February 1974.

<sup>3</sup> OJ No. L 94, p.13.

<sup>4</sup> Regulation (EEC) No. 1191/73, OJ No. L 122, p.5

## Observations

8. Given the serious situation existing in the beef sector, the likely aggravation of that situation in the autumn, the difficulties in clearing intervention stocks, the desirability of aiding certain particularly badly off social classes, together with the necessity to maintain expenditure by the EAGGF within acceptable limits, the Committee on Agriculture can give its approval to the Commission's proposal to limit the contribution of the EAGGF to 50% of the aid, subject to the reservations contained in the motion for a resolution.

9. The Committee on Agriculture regrets the lack of indications on the financial implications, but realizes that this measure has been drawn up as a matter of urgency and notes that in its proposal on the sale of reduced price beef the Commission states it will provide the necessary financial indications.

