



COMMISSION OF THE EUROPEAN COMMUNITIES

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97/0058 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**on measures to promote and market quality beef and veal and on publicity measures
on the labelling of beef and veal and repealing Regulation (EEC) No 2067/92**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The decline in the consumption of beef and veal, which has drastically worsened owing to the BSE crisis, has created extremely difficult market conditions.
2. It is becoming more and more evident that clearly marked quality beef and veal can win the consumer's confidence.

Furthermore, it has also been found during this crisis that a lack of information regarding the origin of products has increased the uncertainty felt by the consumer.

This leads to the following conclusions:

- only publicity campaigns for quality beef and veal of proven origin can increase consumer confidence,
 - under certain conditions, it must be allowed to refer to the special characteristics and origin of beef and veal.
3. The promotional and publicity campaigns part-financed so far by the Community have been carried out by trade and inter-trade organizations. It has been shown that the organizations which have worked together at European level and consulted each other on a continual basis have been most effective in coping with the crisis.

This means that when adopting programmes submitted by trade and inter-trade organizations, account should be taken of the quality programmes already recognized by consumers in certain Member States, so that the content of publicity programmes can be improved and their effectiveness increased.

4. Since new labelling rules for beef and veal have been introduced by Regulation (EC) No ..., consumers should be informed of the guarantees these rules bring.

Use of the labelling system is currently voluntary. In order to accelerate its universal adoption, special publicity measures should be implemented to inform consumers about it.

5. Balance on the Community market for beef and veal depends to a great extent on foreign markets. Given the current crisis, third country buyers and consumers should be made aware of the measures taken in order to restore and strengthen their confidence so that specially labelled quality beef and veal can be produced and exported.

This could be done in a number of ways, for example by means of:

- high-level official visits with the participation of members of the trade,
- participation of exporter Member States at events, fairs and exhibitions with "European" stands.

6. In view of the above and the important role of the trade organizations concerned, their efforts must continue to receive financial assistance. Given the size of the budget available, priority should be given to supporting activities in third countries and the Community financial contribution increased.

Furthermore, technical assistance is required to ensure that the planned measures are as effective as possible.

Draft proposal for
COUNCIL REGULATION (EC) No

of

on measures to promote and market quality beef and veal and on publicity measures on
the labelling of beef and veal and repealing Regulation (EEC) No 2067/92

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article
43 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas Council Regulation (EEC) No 2067/92 of 30 June 1992³ allows the Community to
part-finance specific measures undertaken by trade and inter-trade organizations to
encourage the consumption and marketing of quality beef and veal; whereas, in the light of
experience and in order better to deal with the market problems arising from the BSE crisis,
changes should be made to the current promotional scheme;

Whereas Article 1 of Regulation (EEC) No 2067/92 lays down that promotional measures
providing for the control of meat quality throughout the chain of production, from the
producer to the consumer, may be given priority and qualify for a higher Community

¹ OJ No C

² OJ No C

³ OJ No L 215, 30.7.1992, p. 57.

contribution; whereas most of the programmes submitted so far by trade and inter-trade organizations provide for such control; whereas this is what is required to restore consumer confidence; whereas, therefore, Community financing should be reserved for those programmes;

Whereas Council Regulation (EC) No/96⁴ established a new Community labelling system for beef and veal intended to provide the consumer with additional guarantees; whereas consumers should be informed about the new system by means of special measures financed by the Community;

Whereas national programmes to promote identified beef and veal exist alongside the Community programmes in a number of Member States; whereas provision should be made to take account of such programmes so as to ensure the necessary coordination;

Whereas consumer reaction to the crisis has shown that consumers invariably prefer products whose origin is indicated; whereas an approval procedure should be laid down to permit the identification of the origin of products under certain conditions preventing infringement of Article 30 of the Treaty;

Whereas balance on the Community market also depends on the demand on foreign markets; whereas, in order to restore consumer confidence on those markets, the means should be provided to implement suitable publicity measures in third-country markets; in order to achieve this objective, the Community financial contribution should be increased;

Whereas, in order to ensure that the measures are as effective as possible, the Commission should be able to call for technical assistance in the areas concerned;

Whereas, given the extent of the changes envisaged, Regulation (EEC) No 2067/92 should be repealed and replaced by this Regulation,

⁴ OJ No L

HAS ADOPTED THIS REGULATION:

Article 1

The Community may part-finance measures undertaken by trade and inter-trade organizations to promote quality Community beef and veal identified as such.

As soon as the Community labelling system is put in place, the Community may finance publicity measures intended to inform the consumer of the guarantees offered by this system.

Article 2

Part-financed measures referred to in Article 1 first sub-paragraph shall provide for the control of meat quality throughout the chain of production, from the producer to the consumer.

Account shall be taken of existing measures in the Member States to promote identified beef and veal when programmes part-financed by the Community are adopted.

Promotional and marketing measures must not be biased in favour of any trade mark nor confer advantage on products from a particular Member State.

Article 3

The use of logos or symbols identifying the origin of products in accordance with Regulation (EC) No .../96 on the labelling of beef and veal and beef products may be authorized in accordance with the terms and the procedure to be laid down in the detailed rules for the application of this Regulation.

Article 4

The Community may finance suitable measures to publicize the qualities of Community beef and veal in third countries.

Article 5

The Community financial contribution to the measures referred to in Article 1 may not exceed 60% of their actual cost. However, for the actions under Article 4, this financial contribution may be increased up to 80% of their actual cost.

Article 6

For the application of Articles 1, 3 and 4, and particularly as regards the choice of strategic means, assessment and monitoring, the Commission may ask for technical assistance from publicity experts with a thorough knowledge of the beef and veal sector.

Article 7

Expenditure relating to the Community financial contribution referred to in Articles 1 and 4 and the financing of the measures referred to in Article 3 and the technical assistance referred to in Article 6 shall be considered to be intervention within the meaning of Article 3(1) of Regulation (EEC) No 729/70.

Article 8

Detailed rules for the application of this Regulation, and in particular those defining the promotion and publicity measures, shall be adopted in accordance with the procedure laid down in Article 27 of Regulation (EEC) No 805/68.

Article 9

Regulation (EEC) No 2067/92 is hereby repealed.

It shall, however, continue to apply to applications for a Community contribution submitted under that Regulation prior to the entry into force of this Regulation.

Article 10

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

For the Council

LEGISLATIVE FINANCIAL STATEMENT

1. TITLE OF OPERATION

Measures to promote quality beef and veal and information measures on the labelling of beef and veal.

2. BUDGET HEADING INVOLVED

B1 - 38

3. LEGAL BASIS

Article 43 of the Treaty

4. DESCRIPTION OF OPERATION

4.1 General objective

To indicate to the consumer the beef and veal whose characteristics have been identified and checked in order to maintain consumption at a good level and obtain better prices for meat produced under stricter rules than the ordinary ones.

Continuation of measures adopted since 1993 under Regulation (EEC) No1318/93.

To inform consumers on the new labelling arrangements for beef and veal.

4.2 Period covered and arrangements for renewal or extension

Permanent operation: annual programme.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Compulsory

5.2 Non-differentiated appropriations

5.3 Type of revenue involved

6. TYPE OF EXPENDITURE OR REVENUE

– 100% subsidy: information on new labelling arrangements. Technical assistance

- Subsidy for part-financing with other public or private sector sources
- 60% part-financing for promotion within the EC
- 80% part-financing for promotion in third countries.

7. FINANCIAL IMPACT

7.1 Method of calculating cost of operation (connection between individual costs and total cost)

Budget broken down by item according to the eligibility criteria of the standard contract

7.2 Itemized breakdown of cost

Breakdown	Year n	Year n + 1
- Promotion in EC	24	11
- Promotion in third countries	2	4
- Labelling information	6	7
- Assistance	0,1	0,1
Total	12 + 20 (reserve)	22

8. FRAUD PREVENTION MEASURES; RESULTS OF MEASURES TAKEN

Indirect management

- quarterly checks of the competent bodies provided for in the standard contracts
- lodging of an advance security (110%) and an implementation guarantee (15%)
- where necessary, on-the-spot auditing of accounts by Commission staff.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific and quantifiable objectives; target population

- The objective is to achieve a situation in which 500 000 tonnes of beef/veal (i.e. about 10% of consumption) comply with the requirements specified in the Annex to Regulation (EC) No 1318/93.
The level of consumption of meat identified as meeting those requirements and subjected to additional controls in comparison with other meats was approximately 150 000 tonnes in 1995.

The promotion measures are targeted at all consumers and are based in particular on advertising, point-of-sale promotion and participation in trade fairs and similar events.

- The second component is intended to inform present and potential consumers of beef and veal about the new labelling arrangements.
- Furthermore, given the importance of demand on certain external markets for maintaining the balance of the Community market, it is appropriate to provide funding for promoting quality beef and veal on the markets of certain third countries.

Finally, a specific action is to be carried out on the subject of the new meat-labelling system as soon the Council has adopted the proposal on this subject.

9.2 Grounds for the operation

The products can only be moved upmarket if a sufficient proportion of the sector organizes for this purpose. The Community financial contribution has been decisive in several countries in enabling measures to promote identified quality meat to start up. The compulsory external independent checks have proved to be the main condition of the success of the programme.

It seems necessary to step up the operation as regards information in order to reassure the public which is very concerned about the issue of BSE and which has reduced its consumption of beef and veal in general. The promotional operation should stress the tracability of the meat from producer to consumer, which enables the products to be identified.

Given the importance of certain external outlets, external promotional measures should be launched on those markets.

In the crisis situation provoked by BSE, it is also necessary to inform consumers about the meaning and advantages of the new meat labelling arrangements.

9.3 Monitoring and evaluation of the operation

The two performance indicators of the measure are as follows:

- (1) the proportion of the market for meat thus checked and identified, obtained by comparing the consumption volumes checked;
- (2) development of the image of beef and veal with consumers.

Available assessment reports show that sales of quality meat are increasing and also show the need for a long-term operation to restore the image of beef and veal and achieve the abovementioned objectives. Following the BSE crisis, high-quality meat has been identified as the segment of the meat market which has best resisted the general fall in consumption. In several countries consumption of this meat has not fallen.

The need to continue this operation is evident in the light of the current situation.

10. ADMINISTRATIVE EXPENDITURE (PART A, SECTION III OF THE GENERAL BUDGET)

This section must be sent simultaneously to DG XIX and DG IX; the latter will then forward it to DG XIX with its opinion.

The effective mobilization of the necessary administrative resources will be the result of the annual Commission decision on the allocation of resources with particular account taken of the staff and additional amounts allocated by the budgetary authority.

Types of employment		Staff to be allocated to administration of the operation	
		Permanent	Temporary
Officials or temporary agents	A	1 A	1 SNE*
	B	1 B	
	C		
Other resources			
Total		1 A + 1 B	1 SNE

* Seconded national experts

Indicate the timing of the provision of any additional resources which would be necessary.

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