Despite the fact that this Group was not established to discuss policies applicable in the beef and veal sector, I think that the new Community regulations that are to take effect on 1 April 1977 are of some relevance for interested delegations and I therefore propose to give you, in my personal capacity, a brief outline of the new system.

As from that date the action taken under the safeguard clause will be terminated and new regulations will take effect.

I suppose, furthermore, that the changes in the import régime are of great interest to our partners and if you agree, I should like to comment very briefly on this new system.

First of all, it should be noted that the basic philosophy of the system remains the same, that is to say:

1. application of customs duties;
2. application of a levy, in relation with market prices inside the Community.

As in the past, the amount of the levy is determined by two elements:

1. it is calculated on the basis of the difference between the guide price, and the import price plus import charges;
2. its triggering and its level are determined in relation with the trend in prices on the Community market.

The most significant changes in regard to regulation No. 805 can be summarized in two groups:

1. Given that the Council has decided to take into consideration only one guide price in respect of adult bovine animals and calves, there will therefore be only one import régime in future, as against two in the
past. Imports of calves for slaughter and of veal will be subject to the import régime applicable to adult bovine animals.

(2) As regards the amount of the levy, the former system of levy dismantlement remains applicable when the internal market price is higher than the guide price.

On the other hand, the amount of the levy increases as compared to the old system when Community prices are lower than the guide price. With respect to the mode of application of the levy, there is an important change in regard to frozen meat.

Indeed, while the system for ascertaining prices and for determining the amount of the levy remains the same, the mechanisms for applying the levy have been modified and brought into line with the régime applicable to live animals and to fresh and chilled meat.

In practice this means that when there is no levy applicable to fresh meat there is no levy applicable to frozen meat, and the levy applicable to frozen meat follows any adjustments in the levy on fresh meat.

The system of a specific import price has been maintained for third countries having production and marketing systems similar to those existing in the Community.

Likewise, the possibility of fixing a special import price has been retained. Where necessary, this would allow a different import price to be fixed in respect of a specific origin, where offer prices do not correspond to the normal price trend in the world market.

Those, very briefly, are the major changes. We are, of course, at the disposal of delegations to give any additional information that may be needed.

I should perhaps add two further remarks concerning the import régime:

(1) as from 1 April 1977, when the safeguard clause action is terminated, the provisions set forth in the various agreements between the Community and third countries will once more be applied; and

(2) the period of validity of import certificates will be thirty days for meat and live animals from European countries, forty-five days for live animals and fresh or chilled meat from non-European countries, and ninety days for frozen meat from non-European countries.
I should like next to turn to the second part of my statement, which concerns developments in the beef and veal market in 1977.

I consider it absolutely necessary to remain very realistic and to avoid any over-optimism, which is certainly not yet appropriate.

For economic reasons known to us all, we do not believe that in 1977 we shall see any sudden interruption of balance between supply and demand, nor any sudden price surge in the beef and veal market; on the contrary we expect prices to advance relatively slowly and probably even unevenly, with a decline during the period when animals are brought in from pasture.

In this context, it should not be forgotten that towards early summer the Community will be faced with increased pork supply that may have an influence on developments in the beef and veal market.

Furthermore, we do not consider it possible at present to expect Italy - the member State with the largest shortfall in beef and veal - to modify its policy by revoking the measures that affect consumption.

As regards the United Kingdom, another country in deficit, it seems to us premature to predict how the British housewife will react to any change in beef and veal prices. One can reasonably think that an increase in prices is hardly likely to encourage consumption. In the short term, and also because of the economic situation in the United Kingdom, one can foresee that the British consumer may perhaps shift from beef and veal to other meats.

In summary, despite the production decline in the Community we do not believe that in 1977 we shall see any significant change in the balance between supply and demand. Tension will lessen in the Community market, and will not be followed in 1977 by a reversal of the situation.

In this statement I have deliberately avoided going into details, whether regarding the new system applicable as from 1 April or in respect of developments in the beef and veal market in 1977; as I have already said, however, we are ready to reply to any questions that you may ask, and my friend, Mr. Zwickert, has statistical material that we can make available to you if you so wish.