

COUNCIL DECISION

of 16 December 1986

on the grant of a national aid in the form of a payment on account of the premium for ewes in the sheepmeat sector in France

(86/648/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular the third subparagraph of Article 93 (2) thereof,

Having regard to the request submitted by the French Government on 2 December 1986,

Whereas Articles 92, 93 and 94 of the Treaty, which concern national aid, were made applicable to the production and marketing of the sheepmeat and goatmeat products referred to in Article 23 of Council Regulation (EEC) No 1837/80 of 27 June 1980 on the common organization of the market in sheepmeat and goatmeat ⁽¹⁾;

Whereas the two consecutive periods of drought in the summer of 1985 and the summer of 1986 resulted in serious feeding problems in the sheepmeat sector in France; whereas farmers have been obliged to slaughter a large proportion of their herds and to incur debts to buy replacement fodder as feed for the animals which were not slaughtered;

Whereas the additional supply of meat resulting from this abnormal slaughter of herds has resulted in a considerable drop in the market prices of sheepmeat in France; whereas, furthermore, the debts incurred by farmers to purchase fodder which otherwise would have been unnecessary weigh heavily on the cash flow of farmers and even threaten the survival of some holdings;

Whereas the considerable drop in the pound sterling on the exchange markets as from August 1986 has stimulated United Kingdom exports of sheepmeat to the French market; whereas this meat may be supplied at relatively low prices in French francs as a result of the exchange rate trends; whereas this additional low-priced supply has also affected the level of French prices, which were already falling as a result of the effects of the drought;

Whereas the combination of these two factors foreign to the normal operation of the said market has resulted in current

market prices in French francs which are comparable to those of 1981; whereas the turnover of the farmers concerned is currently dropping very considerably as a result;

Whereas the Commission, in view of the high level of indebtedness of the farmers and of the ensuing cash flow difficulties, has authorized the French Government, as an exceptional measure, to make a payment on account amounting to 75 % of the premium for ewes to farmers whose holdings are situated in the less-favoured areas of France;

Whereas, however, the same acute cash flow problems are a burden on all French sheep farmers whether or not their holdings are situated in a less-favoured area; whereas the relevant rules provide for the possibility of making a payment on account only to holdings situated in less-favoured areas;

Whereas the French Government has decided to come to the aid of those farmers whose holdings are situated in an area which is not less-favoured; whereas, to this end, the French Government has considered advancing to them also, but from national funds, a sum corresponding to 75 % of the premium for ewes which those farmers may claim at the end of the marketing year, i.e. in March 1987;

Whereas the French Government notified this projected national aid to the Commission in accordance with Article 93 (3) of the Treaty;

Whereas the Commission considered that the projected aid was not compatible with the common market, and particularly with the common organization provided for by Regulation (EEC) No 1837/80;

Whereas the drop on the sheepmeat market in France is the result of the unforeseeable and abnormal combination of two factors foreign to the normal operation of that market, and whereas this drop represents a heavy burden on the income of the farmers in question;

Whereas there are therefore exceptional circumstances to justify considering the national aid in question as a derogation, to the extent and for the period strictly necessary in order to relieve the cash flow problems of the French farmers in question, as compatible with the common market,

⁽¹⁾ OJ No L 183, 16. 7. 1980, p. 1.

HAS DECIDED AS FOLLOWS:

Article 2

This Decision is addressed to the French Republic.

Article 1

The national aid granted by the French Government in the form of a payment on account of the premium for ewes, to French sheep farmers whose holdings are situated in areas which are not less-favoured areas of France, shall be considered, up to a rate of 75 % of the estimated premium and until the end of the 1985/86 marketing year, as compatible with the common market.

Done at Brussels, 16 December 1986.

For the Council

The President

M. JOPLING