

European Union policy towards the beef industry in the future

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This paper appraises three alternative policies for the EU beef sector, given that the BSE crisis has highlighted long-term problems in the EU beef market. The Rationale, Objective, Appraisal, Monitoring, Evaluation approach was used to appraise the policies. Broad objectives for the CAP and its beef regime were taken from the Agenda 2000 document. Additionally the policies were required to allow cattle rearing to continue in fragile areas and to reduce costs to the taxpayer.

The three alternative policies examined were:

- Policy I: the removal of the intervention price for beef, the Suckler Cow Premium (SCP) and the Beef Special Premium (BSP), coupled with enhanced Hill Live-stock Compensatory Allowances.
- Policy II: the removal of the intervention price for beef and the second BSP payment, and a 10% reduction in SCP quota.
- Policy III: the introduction of the Calf Processing Aid Scheme across the EU, with the target of removing two million calves from the beef herd per annum.

Linear programming models of three typical Scottish farms were used to appraise Policies I and II. A supply-demand balance approach was used in the case of Policy III.

Under Policy III the equivalent of 618,000 tonnes of beef would have been removed from the market each year. As a result of cyclical production, with the scheme in place cumulative stock between 1997 and 2001 would have reached 0.875 million tonnes, without the scheme stocks would have reached 3.5 million tonnes.

Conclusion

The three different policy approaches assessed were all shown to have features that enabled some of the policy objectives to be met, but no policy managed to achieve all the objectives set for it.

SAC acknowledges the financial support of SOAEFD and the EU PHARE ACE Programme. A fuller version of this poster was presented at the 56th EAAE Seminar "Long-term Prospects for the Beef Industry", Paris, February 1998.

Results (Base Scenario = 100)

	Farm Type	Policy I	Policy II
Beef Cows	Upland	116	91
	Non-LFA	0	72
	Dairy*	98	98
Finishing Cattle	Upland	150	100
	Non-LFA	346	100
	Dairy	0**	89
Profit	Upland	94	73
	Non-LFA	40	72
	Dairy	90	92
Subsidy as a share of profit	Upland	125	132
	Non-LFA	197	135
	Dairy	103	107

* Dairy Cows

** all male calves to CPAS