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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Critical situation in the dairy market

Delegations will find in Annex a note from the Lithuanian delegation on the above subject to be presented under "Any other business" at the Council ("Agriculture and Fisheries") on 11 April 2016.

Critical situation in the dairy market

Situation in the Lithuanian dairy sector is further deteriorating as Lithuanian milk producers are particularly heavily hit by persisting difficulties in the EU and global dairy markets and still receiving the lowest price within the EU which currently amounts to 21 Eur/100 kg only, while small-scale milk producers receive even less - about 8-10 Eur/100 kg. The forecast shows a further drop of prices, which already fail to cover production costs.

In 2015, compared with 2014, the income of Lithuanian dairy producers from the sales of milk decreased by 23 per cent. Despite the fact that in 2015 milk producers benefited from the exceptional targeted aid, their income that year (including all the support they received) was lower by 75.7 million EUR than in 2014.

Lithuania is disappointed with the measures under the new support package, which was announced in the last Council meeting and reflected in the subsequent Presidency's conclusions. In Lithuania's opinion, these measures are insufficient to have a desired short-term effect in the current critical situation. Urgent adequate and solidary measures are vital at this stage – namely Lithuania strongly calls for an exceptional targeted support to its milk producers from the EU budget with a voluntary possibility of national topping up. In the process of seeking available EU financial allocations, Lithuania does not reject the possibility of activating the reserve for crises in the agricultural sector as a last resort.

Lithuania is one of the few member states, which allocated and distributed all the financial support, granted to it under the previous comprehensive 500 million euro package to its farmers together with the maximum possible national aid (all targeted support was paid to the farmers by the end of 2015).

Lithuania is also actively engaged in searching and opening up new markets for its dairy products (finding alternatives to the Russian market requires a lot of time and effort), continues to use the full scope of available safety-net measures, works on solutions to improve the functioning of the food supply chain.

Regardless of all the previous actions taken and measures adopted, the exceptional financial support from the EU budget remains of utmost importance to Lithuania's milk producers and an absolute necessity to help them survive this dark period, therefore Lithuania once again calls the Council and the Commission for understanding and solidarity within the EU to tackle the critical situation in its dairy market.
