



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.12.2007
COM(2007) 802 final

2007/0281 (CNS)

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (single CMO Regulation) as regards the national quotas for milk

(presented by the Commission)

EXPLANATORY MEMORANDUM

In June 2003 the Council reached an agreement on a number of changes to the EU dairy policy as part of the 2003 Reform of the CAP. This reform re-enforced the changes which had been agreed in Agenda 2000, and was to be implemented over a number of years.

The Commissions' original proposal for the 2003 Reform included an increase in quota of 2% in addition to the increases already agreed in Agenda 2000. In the June 2003 compromise, however, the Council declared that *"No additional quota increase in 2007 and 2008 will be decided now. The Commission will present a market outlook report once the reform is fully implemented on the basis of which a decision will be taken."*

Given the dynamic developments which have taken place this year on dairy markets, and that the only part of the 2003 reform remaining to be implemented is a quota increase on 1 April 2008 of 0.5% in 11 Member States, it is considered appropriate to provide the market analysis requested by the Council at this time. The Market Outlook Report for the Dairy Sector which accompanies this proposal contains this analysis. In effect, the report addresses the question of whether the market offers enough opportunities for additional quantities of milk to be supplied, without leading to increased public support in the short and/or medium term, if the national quotas were to be expanded for all 27 Member States.

The report concludes that both the EU and world market outlooks are positive and the analysis made for a 2% increase in milk production in the EU shows that the market readily offers opportunities for these additional quantities.

The Commission, in fulfilling the request of Council to provide a basis on which a decision can be taken regarding an increase in quotas, concludes that the 2% increase, originally proposed as part of the 2003 Reform, may be implemented as from the 2008/2009 milk quota period. Accordingly a proposal for such an increase is set out below.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas:

- (1) Annex IX to Council Regulation (EC) No 1234/2007³ (single CMO Regulation) sets down the national milk quotas for the seven 12-month periods commencing on 1 April 2008 within the milk quota system for production limitation.
- (2) Article 66(3) of Regulation (EC) No 1234/2007 provides that those quotas are fixed without prejudice to possible review in the light of the general market conditions and particular conditions in certain Member States.
- (3) The Council requested that the Commission undertake a market outlook report when the 2003 reforms of the common market organisation in milk and milk products had been fully implemented with a view to assessing the appropriateness of allocating additional quotas.
- (4) This report has been conducted⁴ and concluded the current situation of the Community and world markets and their projected situation in the period to 2014, warrant an additional increase in quota by 2% to facilitate the production of more milk within the Community to help satisfy emerging market requirements for dairy products.
- (5) Therefore it is appropriate to increase all Member State quotas as shown in Annex IX of Regulation (EC) No 1234/2007 by 2% from 1 April 2008.
- (6) Regulation (EC) No 1234/2007 should therefore be amended accordingly,

¹ OJ C ..., ..., p.

² OJ C ..., ..., p.

³ OJ L 299, 16.11.2007, p. 1.

⁴ COM(2007)

HAS ADOPTED THIS REGULATION:

Article 1

Point 1 of Annex IX to Regulation (EC) No 1234/2007 is replaced by the text in the Annex to this Regulation.

Article 2

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

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

Done at Brussels,

For the Council
The President

ANNEX

1. National quotas

Member State	Quantities (<i>tonnes</i>)
Belgium	3 427 288,740
Bulgaria	998 580,000
Czech Republic	2 792 689,620
Denmark	4 612 619,520
Germany	28 847 420,391
Estonia	659 295,360
Ireland	5 503 679,280
Greece	836 923,260
Spain	6 239 289,000
France	25 091 321,700
Italy	10 740 661,200
Cyprus	148 104,000
Latvia	743 220,960
Lithuania	1 738 935,780
Luxembourg	278 545,680
Hungary	2 029 861,200
Malta	49 671,960
Netherlands	11 465 630,280
Austria	2 847 478,469
Poland	9 567 745,860
Portugal	1 987 521,000
Romania	3 118 140,000
Slovenia	588 170,760
Slovakia	1 061 603,760
Finland	2 491 930,710
Sweden	3 419 595,900
United Kingdom	15 125 168,940

FINANCIAL STATEMENT

1. BUDGET HEADING: 05 02 12		APPROPRIATIONS: EUR 167 000 000.		
2. TITLE: Proposal for a Council Regulation amending Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (single CMO Regulation) as regards the National quotas for milk.				
3. LEGAL BASIS: Art. 37 of the Treaty.				
4. AIMS: Increase of the milk quota by 2% on 1 April 2008 to facilitate the production of sufficient milk within the European Union.				
5. FINANCIAL IMPLICATIONS	12 MONTH PERIOD (EUR million)	CURRENT FINANCIAL YEAR 2008 (EUR million)	FOLLOWING FINANCIAL YEAR 2009 (EUR million)	
5.0 EXPENDITURE – CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	p.m.	p.m.	p.m.	
5.1 REVENUE – OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)	–	–	–	
	2010	2011	2012	2013
5.0.1 ESTIMATED EXPENDITURE	p.m.	p.m.	p.m.	p.m.
5.1.1 ESTIMATED REVENUE	–	–	–	–
5.2 METHOD OF CALCULATION: –				
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?			YES NO	
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?			YES NO	
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY?			YES NO	
6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?			YES NO	
OBSERVATIONS:				
1) The proposal has no impact on administrative expenditure.				
2) Analysing the impact of a 2% dairy quota increase by using the OECD AGLINK model, the increased dairy production will to a large degree be consumed on the internal markets, and EU market prices will stay above intervention price levels. Therefore there will be no need to reintroduce internal market disposals aids.				
On the export side, the AGLINK model estimates that the EU could regain some quantities on the third country export markets following the quota increase. These increased quantities are not expected to influence the world market price in such a way, that the need for export refund to be reintroduced would be necessary.				
Furthermore, it has been assumed that the full quota increase will be produced. In the case that this would not be the result, the change in exported quantities will be less than the result from the model, as indicated in Annex II to the dairy market outlook report.				