



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Council

Subject: Market situation and support measures
- Update from the Commission

At its 14 March 2016 meeting the "Agriculture and Fisheries" Council endorsed with broad support a set of Presidency conclusions (doc. 7108/16) in which the Commission was asked for additional measures supplementing the existing €500 million-worth aid package in favour of European farmers. The Commission responded to this call with a set of additional measures, listed in the Annex to this note. These measures are intended to be market-oriented and budget-neutral.

The situation remains difficult for several sectors, for market reasons as well as in relation with weather conditions in some Member States. In the dairy sector production keeps increasing and prices are stagnating, while other sectors such as pig meat and fruit and vegetables continue to record mixed signals, notably as encouraging news on some export markets do not appear to compensate the lasting impact of the Russian embargo.

In view of that, the item on Market situation and support measures at the Council on 17 May 2016 will also cover various AOB points on related specific concerns from Member States, such as:

- Crisis situation on the milk market, doc. 8789/16,
- Situation on commodity markets - outcomes of the meeting of the Visegrad group countries plus Austria, Bulgaria, Romania and Slovenia (V4+4), doc. 8676/16,
- Recent severe damages in agricultural production due to late frosts and snow, doc. 8788/16,

At the SCA on 10 May the Commission updated delegations on the state of play regarding the additional package of measures of March both in terms of the legal acts required for adoption and of the timeframe for their deployment. The timetable for the implementation of these measures is set out in the annex to this note. The Commission noted in particular that:

- the call for the expression of interest of experts for the Meat Market Observatory has been launched with a view to a first meeting before the summer
- less than half of the €420 million of targeted aid under the September 2015 package have been spent so far, mostly in the dairy sector
- on fruit and vegetables efforts are being made to adapt to the new situation, looking for new markets and achieving significant withdrawal, with a view to extending current support measures until September 2017 but with reduced amounts
- on state aid, schemes were in place but would only achieve the intended results if beneficiaries do not increase their production
- regarding the extension by one month (from 15 May to 15 June) of the final date for submission of aid applications for direct payments and certain payment claims under rural development the Commission is willing to show flexibility.

While acknowledging the efforts made several delegations reiterated some of their requests and comments, e.g. as regards additional Union financial support ¹ and information on available budgetary resources, the continuation of measures for fruit and vegetables at the same level, progress on the Commission reflection regarding an export credit facility and antidumping duties on fertilisers, the possibility of advance payments, the conditionality attached to the State aid schemes, raising the *de minimis* ceiling, the timing for a new PSA scheme for pigmeat, or more flexibility to adjust Rural development programmes, to name but a few.

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In light of the above the Presidency invites the Commission to provide further update on the market situation and on the implementation of the agreed measures. Delegations will have the opportunity to ask questions of clarification.

¹ It is recalled that this issue is foreseen to be considered at the June Council.

Follow-up AGRIFISH Council 14 March 2016		
<i>Subject</i>	<i>Follow-up action</i>	<i>Indicative timing</i>
1 Voluntary supply management in the dairy sector	<ul style="list-style-type: none"> • Implementing regulation activating Article 222 CMO • Urgent delegated regulation on the basis of Art. 219 CMO extending application of the implementing regulation based on Art. 222 to cooperatives. 	Adopted & entered into force in April
2 Private Storage Aid for pig meat	<ul style="list-style-type: none"> • Possible PSA scheme for pig meat 	To be determined, based on the evolution of the market situation.
3 Doubling intervention ceilings for skimmed milk powder and butter	<ul style="list-style-type: none"> • Proposal for amendment of Council Regulation (EU) No 1370/2013 increasing the 2016 ceilings for fixed price intervention to 100 000 t for butter and 218 000 t for skimmed milk powder 	Adopted by Council on 15 April and entered into force
4 Meat Market Observatory	<ul style="list-style-type: none"> • Meat Market Observatory to be established for beef, pig meat • Call for expression of interest of meat market experts launched 	First meeting before the summer break
5 High Level meeting on milk	<ul style="list-style-type: none"> • Meeting on milk of the Agricultural Markets Task Force with High Level representatives of all Member States • Consideration of structural issues in the dairy sector with a view to drafting recommendations 	Summer 2016
6 Promotion	<ul style="list-style-type: none"> • Increase of the dedicated 2016 budget for promotion projects for milk/dairy and pig meat products on the internal market (topic 3), in light of the market situation, as part of the running call for proposals (deadline 28 April 2016). 	Immediately

7	International trade	<ul style="list-style-type: none"> Promote EU interests via FTA negotiations by opening new markets for EU products and negotiating a differentiated treatment for sensitive products. Commission will prioritise engagement with the European Investment Bank 	Continued
8	EIB		Immediately
9	Export Credits	<ul style="list-style-type: none"> Examination of the feasibility of an export credit scheme for agri-food products Possible EU action complementary to national schemes On the basis of further contacts including with Member States and the European Investment Bank 	First assessment May 2016
10	Russian / SPS Bans	<ul style="list-style-type: none"> Continuation of Commission efforts to lift the Russian ban, including the SPS ban Continued efforts to lift unjustified or disproportionate SPS barriers in other third countries 	Continued
11	Exceptional aid for Fruit & Vegetables	<ul style="list-style-type: none"> Further exceptional measures for the fruit and vegetables sector beyond 30 June 2016 to be considered. Modalities of a new delegated regulation to be adopted are to be further defined. 	Spring 2016
12	Support for the Fruit and Vegetable sector	<ul style="list-style-type: none"> Possible improvements to the functioning of the withdrawal system for fruit and vegetables, if appropriate, in the context of the preparation of new delegated and implementing acts for the support scheme for this sector, which are being finalised. 	First half 2016
13	Review of the Milk Package	<ul style="list-style-type: none"> Report on the functioning of the milk package has been moved forward from 2018 to 2016 	Autumn 2016

14	State aid	<ul style="list-style-type: none"> • State aid scheme for farmers voluntarily freezing or reducing production (compared to a reference period) for up to EUR 15.000 per farm per year (without national ceiling) in the form of a grant, loan or guarantee (for the dairy, pig meat and fruit and vegetable sectors, on the basis of a notification according to 107(3)(c) TFEU). • State aid scheme for access to finance to bridge a liquidity gap in the form of loans or guarantees (for the dairy, pig meat and fruit and vegetable sectors, on the basis of a notification according to 107(3)(c) TFEU.) • Rescue and restructuring support (under the horizontal State aid Guidelines) • State aid for closing of production capacity 	Immediately (but subject to deadlines inherent in state aid notification procedures)
15	Private Storage Aid dairy products	<ul style="list-style-type: none"> • Currently four private storage aid schemes are operating in the dairy sector, two for skimmed milk powder (SMP), one for butter and one for cheese. • These schemes provide sufficient flexibility for operators, also in combination with the possibility to sell volumes into public intervention. 	-
16	Advance payments	<ul style="list-style-type: none"> • Need for the requested flexibilities as regards payment of possible advances of direct payments in autumn 2016 are to be considered at a later stage. 	Summer 2016
17	Rural Development	<ul style="list-style-type: none"> • COM to work with MS to see where and how rural development programmes can be adjusted to make them more responsive to the current crisis 	Immediately