



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 14 February 2014
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NOTE

From: General Secretariat
To: Council

Subject: Follow-up of the discussion on the outcome of the Conference on "The EU dairy sector: developing beyond 2015" (Brussels, 24 September 2013)
- Contribution to policy debate

With a view to the Council ("Agriculture and Fisheries") session on 17 February 2014, delegations will find in Annex a contribution from the Austrian delegation to the policy debate on the situation in the dairy sector.

Note of the Austrian Delegation
Expiry of the dairy quotas in March 2015
Measures to ensure a “soft landing” for dairy farms

The milk quota scheme will expire in March 2015. In this context, the European Commission and the Member States set out the objective to ensure a so-called “soft landing” for milk producers in all Member States and farmers were expressly requested during the Health Check process to orient themselves more strongly towards the signals of the market. The Austrian dairying branch followed this appeal and is trying to use the opportunities presently offered on the market.

With the Health Check of the Common Agricultural Policy, annual quota increases were fixed, however not for the last quota year 2014/2015. Austria, but also some other Member States, are expecting to exceed their national milk quota for the last two quota years. Dairy farms preparing for the open market suffer additional pressure from the expected surplus levy; their competitive strength is affected by these high levies.

A decision which enables dairy farms to use funds for necessary development investments would be significantly more useful in economic terms than to demand a high surplus levy in the last quota year. In this way, also the objective of a soft landing would be achieved.

Therefore, all possible steps should be taken to reduce the amount of the surplus levy. As a first immediate measure at least the positive fat correction coefficient should be reduced from 0.09% to zero and the negative fat correction coefficient should be raised from 0.18% to 0.4%.