



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Worrying situation on the dairy market and measures to be taken
- Joint Request from the Visegrad Group plus Bulgaria, Romania and
Slovenia

Delegations will find attached in Annex a note from Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovenia and the Slovak Republic to be presented under "Any other business" at the Council ("Agriculture and Fisheries") at its session on 13 July 2015.

Worrying situation on the dairy market and measures to be taken*Joint Request from the Visegrad Group plus Bulgaria, Romania and Slovenia*

The EU milk and milk products market is more and more confronted with problems caused by the overpressure of raw milk and milk products. The market must cope with ongoing negative impact of the Russian ban and also with the termination of the milk quota system, which regulated the EU milk market for almost 30 years.

Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia appreciate the package of measures introduced by the European Commission in reaction on the Russian ban of 2014 while noting that the ban has now been prolonged by another year. However, we do not consider them sufficient for dealing with current problems. The private storage scheme for cheeses was terminated after a short period of time, because it was over-exploited by the Member States that did not export to Russia. The public intervention has not been used yet, because the levels of reference thresholds are set very low. Prices in the individual Member States vary and in some of them they decrease considerably. Perspectives for the coming months are also not positive.

Within the EU milk is sensitive commodity. Therefore, the countries listed above express their concern about the milk and milk products market's development. In the Czech Republic, the price paid to the producers of milk decreases since April 2014. In May 2015, in comparison with May 2014, the price of raw milk decreased by 19,3 %. Furthermore, there was a decline in prices by 5 % between April and May 2015. In addition, the price paid to producers is already below the production costs of milk producers in the Czech Republic. There was also a significant drop in prices of dairy products. In the week 25th of 2015, there was a decline in prices of skimmed milk powder by 25 %, butter by 11 % and Edam by 24 % compared to the same period in 2014. As regards Poland, the average raw milk price paid to producers in May 2015 is lower by 16,5 % compared to May 2014 and 8,2 % compared to May 2013. Adding to that, there is a further decline

in raw milk prices observed between April and May 2015 by 2,7 %. The dairy products prices are in constant decreasing trend. In the week 25th of 2015 compared to the same period of previous year they dropped about 35,3 % in case of skimmed milk powder, 29,1 % for whole milk powder and 16,5 % in case of butter. Moreover, in recent months there is an unprecedented accumulation of milk products stocks at the dairies in both the Czech Republic and Poland. In Bulgaria and Romania since January 2015 the cow milk prices paid to the producers have reached their lowest levels in the last 5 years, while the price for April 2015 is 20 % lower compared to April 2014. The price in Bulgaria for May 2015 is even lower with a decrease of 24 % compared to May 2014 and the preliminary data for June are showing even lower prices. Slovenia records a decline in milk price paid to producers since March 2014. During the period from March 2014 and May 2015, the milk price dropped by 25 % and reached its lowest level in the last 5 years. The price of raw milk in May 2015 is lower by 21,4 % compared with the price in May 2014. Preliminary data indicate that decline of the milk price is expected also in June 2015 by further 3 %.

Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia consider the milk and milk products market development and outlook for the coming months extremely negative and therefore ask the Commission to use all possibilities to stabilize the situation on the milk market. Otherwise the market situation could be critical in the next few months. First of all, we ask the Commission to develop an analysis and submit the proposal for an increase in intervention prices for butter and skimmed milk powder in order to use the public intervention scheme in particular on time to prevent the emergence of deep crisis in the milk and milk products market. Furthermore, we require temporary introduction of the export refunds for products affected, which would motivate for searching new markets outside the EU. Lastly, we demand that a temporary extraordinary support is introduced to compensate the income losses of the cow milk producers in compliance with Article 219 of Regulation (EU) № 1308/2013.