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**NOTE**

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From: General Secretariat of the Council  
To: Delegations  
Subject: Market developments  
- Note from the Slovenian delegation

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With a view to the "Market developments" item at the Council ("Agriculture and Fisheries") on 7 September 2015, delegations will find in Annex a note from the Slovenian delegation.

Market Developments in the EU

EU markets are facing the difficulties which require an immediate, coherent and coordinated EU policy response. A sector-specific and targeted approach with respect to heterogeneity of regions is of key importance.

Slovenia is in particular concerned about the situation in the milk sector as it is facing oversupply of milk due to the increased production in the EU and globally, reduced global demand (China) and the continuation of the Russian embargo.

Slovenia believes that the safety net measures like public intervention, private storage and other emergency measures against market disturbances are of great importance in terms of addressing these market disturbances. However, bearing in mind the market situation in EU (i.e. Slovenia is facing with a 24% drop of milk purchase prices), Slovenia is of the opinion that the measures implemented in the dairy sector so far are not sufficient. Other measures aimed at reducing milk surpluses in the EU market should be considered.

As a short-term measure, Slovenia advocates the introduction of export refunds. Moreover, Slovenia is of the opinion that reference thresholds and intervention prices should be reviewed; the intervention price should be increased, taking into account of production costs and margins.

Also, additional targeted measures for less favoured areas for agricultural activity, in particular mountain areas (e.g. financing the transport of milk from these areas) are of utmost importance for Slovenia. By fact, Slovenia has a large part of the utilised agricultural area in these areas.

In order to increase the consumption of milk and milk products, Slovenia proposes strengthening of two existing EU measures.

Firstly, Regarding the School Milk Scheme in the framework of the new school scheme, the increase in funds as well as the amount of subsidy should be considered. It is particularly important to simplify the scheme in order to facilitate its implementation. In addition to consumed milk, also milk products, in particular fermented products should be eligible for the scheme. In short, educational institutions should be given the opportunity of free distribution of milk and fermented products once or twice a week.

Secondly, Slovenia proposes amending the European food aid programme for the most deprived, namely extending the scope of the measure and increasing the funds respectively. In this way the corresponding surplus quantities of milk would be intended as aid for the most deprived in EU as well as in third countries (e.g. in the areas of migration crises). The extended European food aid programme for the most deprived could be funded by means of the milk surplus levy (around 810 million EUR already collected in 2015). In this way the intensification of the programme could significantly contribute to reducing milk surpluses in the EU market, thus stabilising the EU milk sector.

Slovenia would also like to raise concern over the situation in the pigmeat market. In Slovenia, the crisis in this sector started in 2007. Since then the production has been decreasing continuously and has dropped by half in size. The situation has further deteriorated due to the Russian embargo. The pig meat production in Slovenia as in many other East and South-European countries is mostly based on small-scale and family farms, which provide important local supply of pigmeat produced in an environmentally friendly way. As there are fewer measures to efficiently address the current situation in this sector, Slovenia believes that new/appropriate measures tailored to small-scale production should be introduced since it is necessary to preserve the pigmeat production all over the Europe.