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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 17 September 2015

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: C(2015) 6257 final

Subject: COMMISSION DELEGATED REGULATION (EU) No .../.. of 17.9.2015
laying down temporary exceptional measures for the milk and milk product
sector in the form of extending the public intervention period for butter and
skimmed milk powder in 2015 and advancing the public intervention period
for butter and skimmed milk powder in 2016

Delegations will find attached document C(2015) 6257 final.

Encl.: C(2015) 6257 final



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COMMISSION DELEGATED REGULATION (EU) No .../..

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laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention period for butter and skimmed milk powder in 2015 and advancing the public intervention period for butter and skimmed milk powder in 2016

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

On 25 June 2015 the Russian government announced the prolongation of the ban on the import of agricultural products and foodstuffs originating in the EU for another year, up to 6 August 2016.

In addition, global demand for milk and milk products has generally deteriorated throughout year 2014 and in the first months of 2015, notably as a result of the slowdown in imports from China, the main world importer of milk products. The situation is not expected to improve significantly before the end of 2015, according to the market experts of the Milk Market Observatory economic board.

As a consequence, existing pressure on milk and milk product prices will remain or even increase in the months to come. Farm gate milk prices have declined, not only compared to the exceptionally high levels reached in 2013-14 but also compared to the average of the last 5 years. In parallel, the gap between Member States tends to widen (the gap between the highest and lowest price in the EU in May 2015 was close to 34 c/kg, while one year ago it was 28 c/kg).

The safety net (intervention and PSA for both butter and SMP) is currently available for operators until the end of September 2015. In order to provide milk operators with the necessary market certainty, safety net measures should be extended beyond that date.

As measures available under Regulation (EU) No 1308/2013 appear to be insufficient and in order to cater for a situation where prices would further deteriorate and deepen market disturbances, it is essential that public intervention for butter and skimmed milk powder remains available without disruption until the next "normal" date for opening intervention on 1 March 2016, as provided for in Regulation (EU) No 1308/2013.

As a rapid decision is necessary, due to the need to have the measure in place by 30 September 2015, the temporary exceptional measure should be adopted as quickly as possible and on the basis of the urgency procedure provided for in Article 219 in conjunction with Article 228 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

As the measure is to be adopted on the basis of Article 219(1) of Regulation (EU) No 1308/2013 and in an urgency procedure, no impact assessment was carried out. DG AGRI has carried out internal consultations. A technical meeting to discuss the situation with experts from Member States took place on 23 July 2015.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The Delegated Act is based on Article 219(1) of Regulation (EU) No 1308/2013. It should be adopted by means of the urgency procedure according to Article 228 of Regulation (EU) No 1308/2013. This means that the delegated act enters into force without delay.

It will apply as long as no objection is expressed by the European Parliament or the Council within a period of two months (or - if one of the institutions asks for an extension for two additional months - within a period of 4 months). If objections are expressed, the Commission shall repeal the act without delay.

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laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention period for butter and skimmed milk powder in 2015 and advancing the public intervention period for butter and skimmed milk powder in 2016

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007¹, and in particular Article 219(1) in conjunction with Article 228 thereof,

Whereas:

- (1) On 7 August 2014, Russia introduced a ban on imports of certain products from the Union to Russia, including milk and milk products. This ban resulted in market disturbances with significant price falls due to the fact that an important export market has suddenly become unavailable.
- (2) On 25 June 2015, Russia prolonged the ban on the import of agricultural products and foodstuffs originating in the Union for another year, up to 6 August 2016.
- (3) In addition, the global demand for milk and milk products has generally deteriorated throughout 2014 and in the first months of 2015.
- (4) As a consequence, prices of butter and skimmed milk powder in the Union have further deteriorated and downward pressure is likely to carry on.
- (5) A situation has therefore arisen in which the normal measures available under Regulation (EU) No 1308/2013 appear to be insufficient to address the market disturbance.
- (6) Article 12(d) of Regulation (EU) No 1308/2013 provides that public intervention for butter and skimmed milk powder is to be available from 1 March to 30 September. In accordance with the temporary exceptional measures laid down by Commission

¹ OJ L 347, 20.12.2013, p. 671.

Delegated Regulation (EU) No 1336/2014², in 2015 public intervention for butter and skimmed milk powder was made available from 1 January to 30 September.

- (7) In order to provide for the possibility to swiftly use all possible market measures and cater for a situation where prices would further deteriorate and market disturbances would deepen, it is essential that public intervention remains available without disruption until the start of the next intervention period on 1 March 2016.
- (8) It is therefore appropriate to extend the intervention buying-in period for butter and skimmed milk powder in 2015 until 31 December 2015, and to fix the start of the intervention buying-in period in 2016 at 1 January.
- (9) In order to ensure that the temporary measures provided for in this Regulation have an immediate impact on the market and contribute to stabilise prices, this Regulation should enter into force on the day following that of its publication,

HAS ADOPTED THIS REGULATION:

Article 1

By way of derogation from Article 12(d) of Regulation (EU) No 1308/2013 the period during which public intervention for butter and skimmed milk powder is available in 2015 shall be extended to 31 December 2015.

By way of derogation from Article 12(d) of Regulation (EU) No 1308/2013, in 2016 public intervention for butter and skimmed milk powder shall be available from 1 January to 30 September.

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, 17.9.2015

For the Commission
The President
Jean-Claude JUNCKER

² Commission Delegated Regulation (EU) No 1336/2014 of 16 December 2014 laying down temporary exceptional measures for the milk and milk product sector in the form of advancing the public intervention period for butter and skimmed milk powder in 2015 (OJ L 360, 17.12.2014, p. 13).