



Council of the  
European Union

Brussels, 5 November 2015  
(OR. en)

13540/15

AGRI 555  
AGRIFIN 98  
AGRIORG 80

**NOTE**

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From: General Secretariat of the Council  
To: Delegations  
Subject: Market developments and support measures

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With a view to the consideration of the above subject by the Special Committee on Agriculture on 9 November 2015 and the "Agriculture and Fisheries" Council on 16 November 2015, delegations will find in Annex a background note highlighting ongoing developments.

### Market developments and support measures

The "Agriculture and Fisheries" Council debated the issue of market developments at its meeting on 7 September 2015, in view of the difficult situation experienced by various sectors, notably the dairy and pigmeat sectors. On that occasion, the European Commission announced it would take a series of measures to alleviate short term difficulties and improve the competitiveness of European farmers. The details of the €500 million aid package for EU farmers were then fleshed out at the informal meeting of Agriculture Ministers on 15 September 2015 in Luxembourg.

On 16 October 2015 legal acts giving concrete form to the main elements of the package were published in the Official Journal and entered into force just few days later.

The main elements include:

– Targeted aid

Through delegated act <sup>1</sup> the Commission set up a targeted aid package worth €420 million, divided by Member State through national envelopes, supporting farmers in those sectors hardly hit by the current market situation. Member States may decide how to target this support on the basis of objective and non-discriminatory criteria, and must inform the Commission accordingly by the end of December 2015.

National envelopes, to be paid out to farmers before the end of June 2016, are calculated mainly on the basis of Member States' milk quotas in the year 2014-15, but also take account of particularly low prices, the effects of the Russian embargo, and the feed crop problems related to recent drought.

Under certain conditions, Member States are exceptionally allowed to double the EU funds with national ones, without being subject to state aid rules.

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<sup>1</sup> Commission Delegated Regulation (EU) 2015/1853 of 15 October 2015 providing for temporary exceptional aid to farmers in the livestock sectors (OJ L 271, 16.10.2015, p. 25–30).

– Private storage aid (PSA) for cheese

Through a Delegated Regulation<sup>2</sup> the Commission opened the possibility of private storage aid for 100 000 tonnes of cheese allocated to Member States based on their respective cheese production. Contracts are for a period between 60-210 days, with the rate of support fixed at 15.57 €per tonne of storage for fixed storage costs, plus 0.40 €per tonne per day of contractual storage. The deadline for applications is 16 January 2016.

– Improved private storage aid scheme for skimmed milk powder (SMP)

Through implementing act<sup>3</sup> the Commission opened an enhanced scheme for SMP running in parallel with the existing PSA schemes for butter and SMP. The new scheme provides the possibility for contracting a and a higher rate of daily support.

Under the new enhanced scheme the period of storage is longer (up to 365 days, rather than the usual 90-210 days) and the rate of daily support higher. The aid rate is 8.86 €per tonne of storage for fixed storage costs, plus 0.36 €per tonne per day of contractual storage (i.e. 0.20€ more than under the current standard contracts for 90-210 days). These new contracts also allow for contracted quantities to be withdrawn earlier (after a minimum storage period of 270 days), in which case the aid amounts are reduced by 10%.

– Increased rate of advances of CAP Direct Payments and certain Rural Development measures

In order to address cash-flow problems, the Commission raised through implementing act<sup>4</sup> the amount of CAP funds that can be paid early to farmers up to 70% for the direct payments, and up to 85 % for the support granted under rural development.

In addition the payment itself, now possible after administrative checks have been finalised, was anticipated to 16 October onwards, from the usual starting date of 1 December.

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<sup>2</sup> Commission Delegated Regulation (EU) 2015/1852 of 15 October 2015 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid (OJ L 271, 16.10.2015, p. 15–24).

<sup>3</sup> Commission Implementing Regulation (EU) 2015/1851 of 15 October 2015 amending Implementing Regulation (EU) No 948/2014 as regards the contractual storage period and the amount of aid to be granted for the private storage of skimmed milk powder (OJ L 271, 16.10.2015, p. 12–14).

<sup>4</sup> Commission Implementing Regulation (EU) 2015/1748 of 30 September 2015 derogating in respect of claim year 2015 from the third subparagraph of Article 75(1) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council as regards the level of advance payments for direct payments and area-related and animal-related rural development measures and from the first subparagraph of Article 75(2) of that Regulation as regards direct payments (OJ L 256, 1.10.2015, p. 9–10).

– Increase in EU funding under 2016 Annual Work Programme for promotion

In order to support the EU agri-food industry in the medium-term the Commission has also recently increased through delegated and implementing acts<sup>5</sup> the available funding for promotion programme awards by €30 million for dairy and pigmeat programmes, with 70% of this targeted at export markets.

– Humanitarian assistance

As part of the emergency measures aiming to restore market balance in the EU dairy sector, €30 million will be devoted to the distribution of dairy products of EU origin under the EU humanitarian assistance to third countries. The amount will be financed under Title 05 of the budget but outside the EAGF. The Commission will implement it under Council Regulation 1257/96 concerning humanitarian aid.

It is recalled that the Commission's amending Letter No 2 (doc. 12989/15) to the draft 2016 budget not only provides for the €500 million to cover the above aid package, but also additional €200 million for the extension of measures linked to the Russian import ban, notably for the fruit & vegetables sector.

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Against this background the Commission is invited to provide the Special Committee on Agriculture and the Council with an update on the main market developments and on progress in the adoption of the package of market support measures.

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<sup>5</sup> Commission Delegated Regulation (EU) 2015/1829 of 23 April 2015 supplementing Regulation (EU) No 1144/2014 of the European Parliament and of the Council on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries (OJ L 266, 13.10.2015, p. 3–8) and Commission Implementing Regulation (EU) 2015/1831 of 7 October 2015 laying down rules for application of Regulation (EU) No 1144/2014 of the European Parliament and of the Council on information provision and promotion measures concerning agricultural products implemented in the internal market and in the third countries (OJ L 266, 13.10.2015, p. 14–26).