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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Market situation

With a view to the meeting of the Special Committee on Agriculture on 8 February 2016, delegations will find in Annex a note on the above subject.

In view of the difficult situation experienced by various sectors, notably the dairy and pigmeat sectors, the "Agriculture and Fisheries" Council debated the issue of market developments on several occasions last year, notably at its meetings on 7 September and 16 November 2015. The topic was also discussed at the informal meeting of the Agriculture ministers on 15 September 2015 in Luxembourg.

On both occasions delegations also debated the content, implementation and uptake of the €500 million aid package of market measures adopted by the European Commission to alleviate short term difficulties and improve the competitiveness of European farmers.

Since then the European Commission organised the "EU agricultural outlook conference" on 1-2 December 2015 where the current and future trends in the main markets and sectors were outlined and possible future challenges for agriculture were explored. In addition, some of the measures foreseen in the aid package and not yet in place were initiated, as in the case of private storage aid for pig meat and the Agricultural Markets Task Force.

Despite these initiatives and some positive developments on export markets, the current market situation remains critical if not worrying, notably in the case of the dairy, pig meat and livestock sectors, with the situation in the dairy sector impacting the beef sector.

International circumstances such as the continued economic slow-down in China and the broad ranging Russian ban on EU food imports overlap with internal EU trends like growing production volumes, which reflect in part the *ex post* milk quotas regime, significant stocks in intervention, and low and volatile prices. Besides, various animal health issues continue to affect the pig and poultry sectors. In light of the difficult situation some Member States have introduced national emergency measures to support farmers whose margins are more and more squeezed to the point of putting their business at risk.

At the December "EU agricultural outlook conference" Commissioner Hogan confirmed the need to "support producers with all the instruments at our disposal, including direct supports, market safety net where necessary and rural development programmes".

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Against this background the Commission is invited to provide the Special Committee on Agriculture with an update on the main market developments, including in the light of the continued Russian ban.
