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NOTE

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

Further to the ministerial lunch discussion held on 15 February 2016 and in preparation of the March "Agriculture and Fisheries" Council, delegations will find attached a note from the Croatian delegation on the above-mentioned subject.

Market situation – comments and possible measures**Note from the Croatian delegation**

Croatia welcomes the efforts made so far to help the dairy and pig meat sectors. However, the measures applied are mostly limited to temporary withdrawal of products from the market. Those measures did have some positive effects but not to the extent needed to remedy the situation. The reason for this is the reaction of farmers to market prices and the continuation of increase of production of milk and pig meat in the EU. This is supported by data according to which the production of milk in 2015 was 2.2% higher than in 2014 and the production of pig meat increased by 2.6%.

The private storage aid measures implemented are useful and should be continuously applied, particularly in the pig meat sector taking into account that this time of the year is traditionally unfavourable for this production. However, the private storage aid by itself cannot result in the stabilisation of the market without other measures aimed at export to third countries. This is due to the constant rise in production and the return to the market of quantities temporarily withdrawn, which additionally destabilises the market faced with a supply which is higher than demand and with trade barriers in third countries.

Thus constant efforts are needed to remove trade barriers, which is often a lengthy procedure. Member States faced with such barriers must be supported. For instance, Croatia has problems in export because of veterinary requirements in third countries in relation to classical swine fever. Even though no cases of classical swine fever were reported since 2008, measures against Croatian export are still in place in some third countries and we need support in resolving this issue.

The loss of the Russian market is the main problem due to its importance for EU export and additional efforts are required in order to achieve some progress in this area or even a total removal of the import ban. The moment in which such a progress can be achieved is also important, which would presumably be August 2016. This could be too late for many farmers producing milk or pigs because data indicate that they already generate losses in their production. Therefore it is important to consider the possibility of introducing additional financial support to farmers and other measures within the safety net which would contribute to a targeted and timely reaction to disturbances in those sectors.

Croatia supports and calls for a continuation of private storage aid, which is important in the pig meat sector. Additional supporting measures are also needed, in particular those that would be implemented after the contracted period for private storage expires, such as simple promotion measures (to help in opening of new export markets) and increased activities aimed at removal of non-tariff barriers in the export of milk, milk products and pig meat on third markets. Also, we propose introduction of additional financial support to farmers in the milk and pig meat sectors to alleviate the losses resulting from the current situation. Urgent activities are required for the removal of veterinary barriers in the pig meat sector relating to the swine fever, which create additional problems for a number of Member States in using the opportunities offered on export markets.