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**NOTE**

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

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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 Lithuanian delegation on the above-mentioned subject.

## **Additional measures to address difficulties in agricultural markets**

Following the recent discussion at the Agrifish Council on February 15, Lithuania presents its suggestions for possible measures to alleviate the current critical situation in the EU agricultural markets.

A significant further decline in prices for main EU agricultural sectors has been observed, particularly in the dairy sector. Lithuania strongly supports and actively uses the *safety net* measures introduced and operational so far. Targeted aid from the EU support package topped up with national funds partially helped our farmers to tackle liquidity problems for a limited period, yet additional measures, especially focusing on a short-term perspective are absolutely necessary, as the situation in the Lithuanian dairy sector remains critical.

**Therefore, Lithuania proposes the following possible additional measures to address the difficult situation in agricultural markets:**

### Short-term measures:

- New exceptional targeted financial support for livestock producers from the EU budget with a voluntary option of national top-ups:
  - Financial support based on objective and non-discriminatory criteria (*mutatis mutandis* 2015 support package);
  - Financial grant attributed with a greater degree of flexibility and discretion for a Member State to tackle specific national structural issues (for example, in Lithuania's case, to enhance cooperation in the dairy sector);
- Temporary relief of State aid rules increasing *de minimis* thresholds up to 30 000 Euro for primary agricultural production and up to 400 000 Euro for the processing and marketing of agricultural products (a similar measure was introduced for the period of 2008–2010 to support access to finance during the financial and economic crisis<sup>1</sup>);

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<sup>1</sup> OJ C 83, 7.4.2009, p. 1; OJ C261, 31.10.2009, p. 2

- All of the *safety net* measures currently in place for a dairy sector should be applied further on with some additional improvements on the temporary basis. One of the options could be the suspension of the tendering procedure for additional volumes of the products bought into the public intervention and continuation of buying-in at full intervention prices.

Long-term measures:

- Strengthen efforts for the opening-up of new markets and seek the elimination of non-tariff and SPS barriers to trade;
- Provide greater flexibility in the implementation of the national rural development programmes (hereinafter referred to as RDP):
  - Remove the obligation for farmers (including the beneficiaries under the RDP 2007-2013) to maintain the farming direction assigned in the contracts for the support, for 5 years, in case of the producer's shifting from dairy production to another similar type activity (e.g. meat production) with an aim to adjust to the new economic conditions determined by the critical situation in the dairy sector. Ensure that such actions are not subject to sanctions under EU legislation;
  - Allow a Member State not to apply the sanctions on dairy farms facing difficulties in case of underachievement of the investment project indicators (income level, profitability, etc.);
- Revise the provisions on the income stabilisation tool under the RDP and lift the restriction on contribution by public funds to farmers' initial capital stock of mutual fund in order to make it more attractive to farmers.