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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 Swedish delegation on the above-mentioned subject.



REGERINGSKANSLIET

N2016/01749/JM

29 February 2016

**Swedish Ministry of Enterprise and  
Innovation****Council of the European Union  
General Secretariat****Swedish proposals for possible measures to address the difficult market  
situation for various agricultural sectors**

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Please find below comments and proposals from Sweden in preparation of the SCA on March 7.

The market situation remains difficult for the EU agricultural sectors. The milk sector in particular is facing tough challenges. For Swedish milk farmers the situation is critical, following an extended period of low prices.

When seeking solutions to the difficult market situation it is essential that we adhere to the course of market orientation laid down in consecutive reforms of the Common Agricultural Policy, avoiding market distorting measures and distorted competition between Member States. It is important that new measures are general and benefits all Member States. New measures should be financed within the CAP budget.

***Further opening of third country markets***

Sweden supports the ongoing efforts by the Commission to increase market access for EU exports in third country markets. The elimination of non-tariff barriers is especially important as regards exports of dairy and pig meat products.

Export promotion measures for third countries are also important in order to increase sales and to achieve a better balance between supply and demand in the EU. The diplomatic offensive by the Commission for promoting exports is welcomed.

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*Advanced payment - Proposal to derogate from Article 75 in Regulation 1306/2013*

Sweden suggests that the rules of advanced payments of direct payments (CAP) should be altered by a derogation for 2016, in order to improve liquidity of agricultural enterprises. Sweden proposes a derogation from Article 75 in Regulation 1306/2013 through an implementing act on the payment claims for 2016.

The implementing act should at least include a derogation from the first subparagraph of Article 75.2, with the effect that it is only the administrative checks which will have to be finalised before payments of advances for direct payments.

Preferably, the implementing act should also include a derogation from Article 75.1 third subparagraph, implying that advances could be made up to 70 % for direct payments and up to 85 % for AECM and ANC.

*Research and innovation*

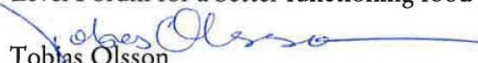
Research and development should be prioritised as long term measures, in order to address the competitiveness of EU agriculture through increased innovations and productivity. In a sector consisting of many small enterprises it is a challenge to find ways to raise necessary funds for research. Thus public funds such as Horizon 2020 and the instrument multi-actor approach are of great importance. This should be reflected in the new European long-term strategy for agricultural research. The EIP-Agri is yet another important instrument for innovations in agriculture and it is our view that it should be further developed.

*Risk management*

Agricultural enterprises face significant market and price risks which need to be managed efficiently in order to secure profitability and future investments. Access to financial instruments and futures markets is a key element in transforming the agro-food sector into a more competitive and modern business sector.

The Commission should use the time until the entry into force of MiFID II to ensure that the technical and the implementing rules do not adversely affect liquidity and thus the functioning of financial instruments. Moreover, Sweden encourages the Commission to reduce the administrative burden stemming from the new regulation.

In this context we welcome the initiative on the setting up of the Agricultural Markets Task Force and the continued work in the High Level Forum for a better functioning food supply chain.

  
Tobias Olsson  
Deputy Director General