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NOTE

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

At its 14 March 2016 meeting the "Agriculture and Fisheries" Council endorsed with broad support a set of Presidency conclusions (doc. 7108/16) in which the Commission was asked for additional measures supplementing the existing €500 million-worth aid package in favour of European farmers. The Commission responded to this call with a set of additional measures it presented during that Council. These measures, intended to be market-oriented and budget-neutral, focus amongst others on: a voluntary and temporary regulation of milk production, under articles 222 and 219 of the CMO Regulation; the full use and improvement of existing market measures including a temporary doubling of the quantitative ceilings set out for the public intervention of skimmed milk powder (modification of Regulation 1370/2013) and butter and private storage aid for pig meat; and more flexible state aid support.

On 17-18 March 2016 the European Council also noted the difficult situation of farmers, notably in the dairy and pig meat sectors, and invited the Commission to quickly act upon the outcome of the Council meeting of 14 March. It also committed to closely follow the evolution of the sector.

Despite the swift political action in addressing the current market turbulence, the situation remains worrisome for several sectors. In the dairy sector production keeps increasing and prices are stagnating, while other sectors such as pig meat and fruit and vegetables record mixed signals.

In view of that, the item on Market situation and support measures at the Council on 11 April 2016 will also cover various AOB points on related specific concerns from Member States, such as:

- The critical situation in the dairy market, requested by Lithuania (doc. 7635/16),
- Pig meat exports to the Russian Federation, requested by Austria (doc. 7646/16),
- The request for modification of the implementation rules to be provided for in the planned support scheme for the fruit and vegetable producers with regard to the Russian embargo, requested by Poland (doc. 7606/16),
- The extension of the final date for submission of aid applications, requested by Poland (doc. 7605/16).

At the SCA on 21 March the Commission fleshed out the information on the additional package of measures of March both in terms of the legal acts required for adoption and of the timeframe for their deployment. The timetable for the implementation of these measures is set out in the annex to this note. On that occasion the Commission also provided some information on State aid-related measures, particularly on the different options available to Member states:

- access to temporary finance schemes assessed directly on the basis of Article 107(3)(c) TFEU, and entailing freezing or reducing production,
- access to temporary finance schemes assessed directly on the basis of Article 107(3)(c) TFEU, and entailing the bridging of a liquidity gap, and
- other state aid possibilities such as rescue and restructuring aid for undertakings in difficulty or state aid for closing production capacity.

The Presidency is intent on facilitating the early deployment of these measures, notably those which are under the Council's sole responsibility, such as the modification of Regulation 1370/2013.

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In light of the above the Presidency invites the Commission to provide further update on the market situation and on the implementation of the agreed measures. Delegations will have the opportunity to ask questions of clarification.

Follow-up AGRIFISH Council 14 March 2016		
<i>Subject</i>	<i>Follow-up action</i>	<i>Indicative timing</i>
1 Voluntary supply management in the dairy sector	<ul style="list-style-type: none"> • Implementing regulation activating Article 222 CMO • Urgent delegated regulation on the basis of Art. 219 CMO extending application of the implementing regulation based on Art. 222 to cooperatives. 	Adoption & entry into force possibly for mid-April
2 Private Storage Aid for pig meat	<ul style="list-style-type: none"> • Possible PSA scheme for pig meat 	To be determined, based on the evolution of the market situation.
3 Doubling intervention ceilings for skimmed milk powder and butter	<ul style="list-style-type: none"> • Proposal for amendment of Council Regulation (EU) No 1370/2013 increasing the 2016 ceilings for fixed price intervention to 100 000 t for butter and 218 000 t for skimmed milk powder 	Adoption Commission proposal possibly for 11 April
4 Meat Market Observatory	<ul style="list-style-type: none"> • Meat Market Observatory to be established for beef, pig meat • Call for expression of interest of meat market experts in preparation 	Launch before the summer break
5 High Level meeting on milk	<ul style="list-style-type: none"> • Meeting on milk of the Agricultural Markets Task Force with High Level representatives of all Member States • Consideration of structural issues in the dairy sector with a view to drafting recommendations 	Summer 2016

6	Promotion	<ul style="list-style-type: none"> • Increase of the dedicated 2016 budget for promotion projects for milk/dairy and pig meat products on the internal market (topic 3), in light of the market situation, as part of the running call for proposals (deadline 28 April 2016). 	Immediately
7	International trade	<ul style="list-style-type: none"> • Promote EU interests via FTA negotiations by opening new markets for EU products and negotiating a differentiated treatment for sensitive products. 	Continued
8	EIB	<ul style="list-style-type: none"> • Commission will prioritise engagement with the European Investment Bank 	Immediately
9	Export Credits	<ul style="list-style-type: none"> • Examination of the feasibility of an export credit scheme for agri-food products • Possible EU action complementary to national schemes • On the basis of further contacts including with Member States and the European Investment Bank 	First assessment May 2016
10	Russian / SPS Bans	<ul style="list-style-type: none"> • Continuation of Commission efforts to lift the Russian ban, including the SPS ban • Continued efforts to lift unjustified or disproportionate SPS barriers in other third countries 	Continued
11	Exceptional aid for Fruit & Vegetables	<ul style="list-style-type: none"> • Further exceptional measures for the fruit and vegetables sector beyond 30 June 2016 to be considered. Modalities of a new delegated regulation to be adopted are to be further defined. 	Spring 2016

12	Support for the Fruit and Vegetable sector	<ul style="list-style-type: none"> • Possible improvements to the functioning of the withdrawal system for fruit and vegetables, if appropriate, in the context of the preparation of new delegated and implementing acts for the support scheme for this sector, which are being finalised. 	First half 2016
13	Review of the Milk Package	<ul style="list-style-type: none"> • Report on the functioning of the milk package has been moved forward from 2018 to 2016 	Autumn 2016
14	State aid	<ul style="list-style-type: none"> • State aid scheme for farmers voluntarily freezing or reducing production (compared to a reference period) for up to EUR 15.000 per farm per year (without national ceiling) in the form of a grant, loan or guarantee (for the dairy, pig meat and fruit and vegetable sectors, on the basis of a notification according to 107(3)(c) TFEU). • State aid scheme for access to finance to bridge a liquidity gap in the form of loans or guarantees (for the dairy, pig meat and fruit and vegetable sectors, on the basis of a notification according to 107(3)(c) TFEU.) • Rescue and restructuring support (under the horizontal State aid Guidelines) • State aid for closing of production capacity 	Immediately (but subject to deadlines inherent in state aid notification procedures)

15	Private Storage Aid dairy products	<ul style="list-style-type: none"> • Currently four private storage aid schemes are operating in the dairy sector, two for skimmed milk powder (SMP), one for butter and one for cheese. • These schemes provide sufficient flexibility for operators, also in combination with the possibility to sell volumes into public intervention. 	-
16	Advance payments	<ul style="list-style-type: none"> • Need for the requested flexibilities as regards payment of possible advances of direct payments in autumn 2016 are to be considered at a later stage. 	Summer 2016
17	Rural Development	<ul style="list-style-type: none"> • COM to work with MS to see where and how rural development programmes can be adjusted to make them more responsive to the current crisis 	Immediately