

Common organisation of agricultural markets

CMO: specific provisions for certain agricultural products

2009/0152(CNS) - 09/10/2009 - Legislative proposal

PURPOSE: to amend Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (single CMO Regulation) with a view to providing assistance to milk producers.

PROPOSED ACT: Council Regulation.

CONTENT: the Commission is proposing **two amendments to the rules applicable to the dairy sector** and at the same time pursuing its efforts to stabilise the dairy sector:

1. Articles 65 to 84 of Council Regulation (EC) No 1234/2007 (Single CMO) lay down provisions for the management of the quota system in the dairy sector. In particular, it is provided that Member States may set up a national reserve as part of its national quota with a view to allocate further individual quotas to certain priority groups of milk producers, defined by the Member State concerned. The surplus levy is only liable for milk marketed in excess of the national quota incl. the national reserve. Where a surplus levy is found to be payable it shall be allocated among the producers who have overrun their individual quota. Within the quota arrangements, Member States have the possibility to encourage the restructuring process in the sector through a quota buy-out scheme where the quotas bought-out is subsequently placed in the national reserve. As a consequence, **the Commission proposes to provide for the possibility for Member States to grant compensation to producers who undertake to abandon permanently all or part of their milk production and place the individual quotas thus released in the national reserve and this during the 12-month periods starting on 1 April 2009 and 1 April 2010.**
2. Article 186 of Regulation (EC) No 1234/2007 provides that the Commission can take measures in cases of disturbances of the market of certain agricultural products where internal market prices significantly rise or fall. Milk and milk products are, however, not covered by that Article. During the discussion at the Council meeting on 7 September 2009 concerning the Communication from the Commission to the Council on the dairy market situation 2009 ([COM\(2009\)0385](#)), Member States required the Commission to adapt market instruments or create new ones in order to be able to react effectively to the increasing price volatility in a swift and flexible manner. In view of the serious difficulties and the increasing price volatility on the dairy market, **it is proposed to enlarge the scope of Article 186 to milk and milk products, thus enabling the Commission to react to market disturbances in a flexible and swift manner.**

BUDGETARY IMPLICATIONS: the extension of Article 186 to cover milk and dairy products, will not in itself lead to a change of the budgetary needs. Any proposed legislation based on the proposed amendment would be subject to the usual budget procedures.

The proposal to exclude the bought up quota placed in the national reserve from the calculation of the superlevy will have two effects.

- it may slightly increase the superlevy due in the Member States in question. This additional superlevy amount will stay in the MS so there would be no change to the foreseen superlevy received by the EU-budget as assigned revenue. However, it should be underlined that following the Health Check decision, no superlevy has been foreseen to be collected as from budget year 2011;
- the quota buy-up should reduce milk supply and thereby reduce the production of surplus products needing support, leading to a reduction in budgetary needs. This reduction will depend on the market situation at the time and is not quantifiable at the moment.