Common organisation of the market in milk and milk products: intervention prices

2003/0011(CNS) - 29/09/2003 - Final act

PURPOSE : to amend Regulation 1255/1999/EC on the common organisation of the market in milk and milk products. LEGISLATIVE ACT : Council Regulation 1787/2003/EC amending Regulation 1255/1999 /EC on the common organisation of the market in milk and milk products. CONTENT : the Council formally adopted the Regulations on reform of the Common Agricultural Policy, without debate and by a qualified majority, the Portuguese delegation voting against the "horizontal" Regulation and the Regulation establishing a levy in the milk and milk products sector. Statements by the Council, Belgium, France, the Netherlands, Luxembourg, Austria, Finland, the United Kingdom, Portugal (giving reasons for voting against) and the Commission are appended to the legal texts adopted. Initially based on principles (Articles 32 to 38 of the Treaty) intended to ensure self-sufficiency in food for the European Community by increasing agricultural productivity, to guarantee a high income to farmers, to stabilise markets and to provide agricultural products at a reasonable price to consumers, the reformed CAP henceforth introduces a new key element, a pillar of the reform, which is the partial decoupling of production-related aid, based on a reference period (2000-2002); it now makes payment of such aid conditional on compliance with rules on the environment, animal welfare, hygiene standards and preservation of the countryside. The key elements of the new, reformed CAP in a nutshell: - a single farm payment for EU farmers, independent from production; limited coupled elements may be maintained to avoid abandonment of production, - this payment will be linked to the respect of environmental, food safety, animal and plant health and animal welfare standards, as well as the requirement to keep all farmland in good agricultural and environmental condition ("cross-compliance"), - a strengthened rural development policy with more EU money, new measures to promote the environment, quality and animal welfare and to help farmers to meet EU production standards starting in 2005, - a reduction in direct payments ("modulation") for bigger farms to finance the new rural development policy, - a mechanism for financial discipline to ensure that the farm budget fixed until 2013 is not overshot, - revisions to the market policy of the CAP: - asymmetric price cuts in the milk sector: The intervention price for butter will be reduced by 25% over four years, which is an additional price cut of 10% compared to Agenda 2000, for skimmed milk powder a 15% reduction over three years, as agreed in Agenda 2000, is retained, - reduction of the monthly increments in the cereals sector by half, the current intervention price will be maintained, - reforms in the rice, durum wheat, nuts, starch potatoes and dried fodder sectors. - Milk products : the Council decided the prolongation of a reformed dairy quota system until the 2014/15 campaign. The Council decided on asymmetric price cuts in the milk sector. The intervention price for butter will be reduced by 25% (-7% in 2004, 2005, 2006 and -4% in 2007), which is a additional price cut of 10% compared to Agenda 2000. For skimmed milk powderprices will be cut by 15% (in 5% steps over three years from 2004 to 2006), as agreed in Agenda 2000. Intervention purchases of butter will be suspended above a limit of 70 000 tonnes in 2004 and falling to 30 000 from 2007. Above that limit, purchases may be carried out under a tender procedure. The target price for milk will be abolished. The compensation is fixed as follows: EUR 11.81/t in 2004, EUR 23.65 in 2005 and EUR 35.5 from 2006 onwards. The single farm payment will only apply in the dairy sector once the reform is fully implemented, unless Member States decide to introduce it earlier. The Council decided to increase the milk quotas for Greece (+120 000t) and on a temporary exemption for the Azores regarding milk quota implementation of 73 000t in 2003/2004, 61 500t in 2004/2005 and 50 000t from 2005/2006 onwards. ENTRY INTO FORCE : 28/10/03.