Maintaining milk production in mountain areas, disadvantaged areas and outermost regions after the expiry of the milk quota regime

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The Committee on Agriculture and Rural Development adopted the own-initiative report by Herbert DORFMANN (EPP, IT) on maintaining milk production in mountain areas, disadvantaged areas and outermost regions after the expiry of the milk quota.

Europe’s dairy sector will experience a major shift after expiry of the quotas in 2015. This substantial change is likely to cause market disruptions to the dairy sector, especially in the less favoured areas and the outermost regions. For these areas, milk production is often the only source of income and the local community depends heavily on the dairy sector.

In order to secure a stable future for the sector and to avoid the depopulation of rural areas along with negative economic and environmental consequences, further steps at European level are required.

Given the irreplaceable nature of milk production in some outermost regions, Member called on the European Commission and the Member States to use, in these regions, **the POSEI programmes** to strengthen support in the area of direct payments and market measures and the rural development programmes to strengthen support under the second pillar of the CAP.

Members considered it essential that a **stock grazing premium** be earmarked under the first pillar of the CAP and under the POSEI in the outermost regions for farms with grazing and forage areas for livestock.

They also stressed the important role of **coupled payments** under the first agricultural policy pillar.

The report also called on the Member States and regions to formulate, where applicable, a **specific rural development programme for milk production** in these areas in the framework of rural development.

Members stressed that **second-pillar measures** (e.g. compensation allowances, agro-environmental premiums, individual or collective investment aid for production, processing and marketing, start-up aid for young farmers and aid to promote quality, diversification, innovation) were of great importance for sustainable milk production in these areas. Therefore, they urged that:

- Member States and regions be given the level of funding and the necessary opportunities to ensure the payment of adequate and **clearly differentiated compensatory allowances**;
- **sustainable and organic forms of agriculture** be supported;
- adequate compensation payments from the second CAP pillar should offset the higher investment costs of milk production in mountain areas and outermost regions.

The report also pointed out that initiatives concerning **in-situ processing and marketing** on farms or in mountain pastures should be funded under the second CAP pillar. It also stated that small farmers in mountains areas and disadvantaged areas should be supported in establishing **producer organisations** which strengthen their bargaining power.

The Commission is called upon to:

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- redefine a coherent rural and milk development programme for mountain areas, for disadvantaged milk production areas and for Member States where most of the milk is produced by very small farms;
- develop programmes in cooperation with producers, producers' associations and marketing bodies – based, for example, on the fundraising model – to reduce the impact of the anticipated rapid decline in milk prices;
- implement the EU school milk programme more efficiently;
- bear in mind the special characteristics of products with a **protected designation of origin** in the framework of the definition and application of the new 'mountain product' designation.

Members called on the Commission to **closely follow the development of milk production** in these areas and to review the economic impact of the expiry of milk quotas on dairy farms in these areas. They asked the Commission to submit to the European Parliament and the Council a report addressing this issue by 2017, accompanied by a legislative proposal if milk production has decreased significantly in these regions.