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

2003/0011(CNS) - 21/01/2003 - Legislative proposal

PURPOSE : to amend Regulation 1255/1999/EC on the common organisation of the market in milk and milk products. CONTENT : In order to provide a stable perspective for dairy farmers, the Commission proposes the prolongation of a reformed dairy quota system until the 2014/15 campaign. In Berlin in March 1999 the European Council decided to delay the entry into force of reform in the dairy sector due to budgetary considerations. Since unanticipated budgetary resources have become available in the current financial perspective, the Commission strongly believes the dairy reform agreed in Berlin should be advanced by one year in order to achieve the objectives and benefits of the reform at the earliest possible date. Furthermore, it is necessary to reduce the support price for milk with a corresponding quota increase of 1% per year in 2007 and 2008 based on reference quantities after the full implementation of Agenda 2000. The foreseen uniform reduction of 5% per year will be replaced by asymmetric intervention price cuts of 3.5%/year for skimmed milk powder and 7% per year for butter over the five year period. On the whole this 35% reduction in butter prices and 17.5% reduction in skimmed milk powder prices correspond to a global reduction of 28% for EU milk target prices over 5 years. Intervention purchases of butter will be suspended above a limit of 30 000 tonnes per year. Above that limit, it is proposed that purchases may be carried out under a tender procedure. Additional compensation in 2007 and 2008 through direct payments will be made, using the same method of calculation as in Agenda 2000. All dairy payments will be integrated into the single farm payment. (Please refer to CNS/2003/0006).