

Basic information	
<p><b>2009/0094(CNS)</b></p> <p>CNS - Consultation procedure Regulation</p>	Procedure completed
<p>Agricultural prices 2009-2010: intervention for butter and skimmed milk powder (derogation from "Single CMO" Regulation (EC) No 1234/2007)</p> <p>See also <a href="#">2006/0269(CNS)</a></p> <p><b>Subject</b></p> <p>3.10.05.02 Milk and dairy products 3.10.12 Agrimonetary policy, compensatory amounts</p>	

Key players				
European Parliament	<b>Committee responsible</b>		<b>Rapporteur</b>	<b>Appointed</b>
	<div style="border: 1px solid red; display: inline-block; padding: 2px;">AGRI</div> Agriculture and Rural Development		DE CASTRO Paolo (S&D)	21/07/2009
Council of the European Union	<b>Council configuration</b>		<b>Meetings</b>	<b>Date</b>
	Agriculture and Fisheries		2956	2009-07-13
	Agriculture and Fisheries		2966	2009-10-19
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Agriculture and Rural Development		FISCHER BOEL Mariann	

Key events			
Date	Event	Reference	Summary
07/07/2009	Legislative proposal published	COM(2009)0354 	Summary
13/07/2009	Debate in Council		Summary
02/09/2009	Vote in committee		Summary
07/09/2009	Committee report tabled for plenary, 1st reading/single reading	A7-0005/2009	
14/09/2009	Committee referral announced in Parliament		
17/09/2009	Decision by Parliament	T7-0014/2009	Summary
17/09/2009	Results of vote in Parliament		
19/10/2009	Act adopted by Council after consultation of Parliament		
19/10/2009	End of procedure in Parliament		

04/11/2009	Final act published in Official Journal		
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Technical information	
Procedure reference	2009/0094(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	See also <a href="#">2006/0269(CNS)</a>
Legal basis	Treaty on the Functioning of the European Union TFEU 043-p2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/7/00389

Documentation gateway				
<b>European Parliament</b>				
Document type	Committee	Reference	Date	Summary
Committee draft report		<a href="#">PE427.183</a>	22/07/2009	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0005/2009</a>	07/09/2009	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0014/2009</a>	17/09/2009	<a href="#">Summary</a>
<b>European Commission</b>				
Document type	Reference	Date	Summary	
Legislative proposal	<a href="#">COM(2009)0354</a> 	07/07/2009	<a href="#">Summary</a>	
Commission response to text adopted in plenary	<a href="#">SP(2009)4189</a>	30/09/2009		

Additional information		
Source	Document	Date
National parliaments	<a href="#">IPEX</a>	
European Commission	<a href="#">EUR-Lex</a>	

Final act
<a href="#">Regulation 2009/1038</a> <a href="#">OJ L 288 04.11.2009, p. 0001</a>
<a href="#">Summary</a>

## Agricultural prices 2009-2010: intervention for butter and skimmed milk powder (derogation from "Single CMO" Regulation (EC) No 1234/2007)

2009/0094(CNS) - 17/09/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 447 votes to 70, with 16 abstentions, a legislative resolution amending, under the consultation procedure, the proposal for a Council regulation derogating from Regulation (EC) No 1234/2007 ('Single CMO' Regulation) as regards the 2009 and 2010 intervention periods for butter and skimmed milk powder.

Due to the serious crisis in the dairy sector, the proposed amendment asks to restore the aid for the private storage of cheese.

## Agricultural prices 2009-2010: intervention for butter and skimmed milk powder (derogation from "Single CMO" Regulation (EC) No 1234/2007)

2009/0094(CNS) - 13/07/2009

The Council welcomed the Commission proposal extending the intervention period for butter and skimmed milk powder, and took note of all the information provided by the Commission in this respect. The Council also took note of the views expressed by several delegations expecting an **in-depth examination of the dairy market situation** in order to explore all the possible means to alleviate the market difficulties. The examination of this proposal by the Council will start rapidly to ensure a swift adoption after the European Parliament has delivered its opinion.

Pending the formal adoption of the legal text by the Council, the Commission will make use of special provisions under Article 191 of Regulation (EC) No 1234/2007: "The Commission shall adopt the measures which are both necessary and justifiable in an **emergency**, in order to resolve specific practical problems. Such measures may derogate from provisions of this Regulation, but only to the extent that, and for such a period, as is strictly necessary."

After a brief and unprecedented period of record prices for milk and dairy products in 2007 and early 2008, European producers now face weak and uncertain markets characterised by a sharp drop in global dairy product prices.

A considerable set of support measures has already been deployed, including export refunds for butter, cheese and whole and skimmed milk powder, in addition to the introduction of private storage aid for butter (already in force since from 1 January 2009) and intervention for butter and skimmed milk powder (as from 1 March).

## Agricultural prices 2009-2010: intervention for butter and skimmed milk powder (derogation from "Single CMO" Regulation (EC) No 1234/2007)

2009/0094(CNS) - 19/10/2009 - Final act

**PURPOSE:** to extend the intervention period for butter and skimmed milk powder, in view of uncertain situation on the dairy market and the fall in market prices.

**LEGISLATIVE ACT:** [Council Regulation \(EC\) No 1038/2009 of 19 October 2009 derogating from Regulation \(EC\) No 1234/2007 \(Single CMO Regulation\) as regards the 2009 and 2010 intervention periods for butter and skimmed milk powder.](#)

**CONTENT:** the Council adopted a regulation extending the 2009 intervention period for butter and skimmed milk powder **from 31 August 2009 until 28 February 2010** in order to respond to the exceptional situation on the dairy market.

Furthermore, where market prices are likely to fall significantly thereby disturbing or threatening to disturb the market, the Commission should be authorised to continue public intervention for butter and skimmed milk powder beyond 31 August 2010, if necessary until 28 February 2011.

Factors behind the adoption of this Regulation include substantial falls in prices of dairy products on the world market, mainly as a result of increased supply combined with lower demand because of the financial and economic crisis.

A considerable set of support measures have already been deployed, including export refunds for butter, cheese and whole and skimmed milk powder, in addition to the introduction of private storage aid for butter (already in force since 1 January 2009) and intervention for butter and skimmed milk powder (from 1 March).

**ENTRY INTO FORCE:** 07/11/2009.

**APPLICATION:** from 01/09/2009.

# Agricultural prices 2009-2010: intervention for butter and skimmed milk powder (derogation from "Single CMO" Regulation (EC) No 1234/2007)

2009/0094(CNS) - 07/07/2009 - Legislative proposal

**PURPOSE:** in view of the foreseeable dairy market situation and the drop in market prices, to provide for a continuation of the public intervention for butter and skimmed milk powder beyond 31 August 2009, if necessary until 28 February 2010.

**PROPOSED ACT:** Council Regulation.

**BACKGROUND:** the situation on the dairy market has deteriorated dramatically during the last 12 months. After a price spike in 2007 alongside the high food prices in the EU and on the world market, there has in the last six months of 2008 and in 2009 been a substantial drop in prices affecting dairy producers' income. Prices for milk delivered to the dairies have significantly decreased.

This drop in world market prices has had a direct effect on market prices in the EU with prices coming down from the range of 30-40 cents per litre of milk to around the EU safety net level of 21 cents per litre. At this price level variable costs of production might be covered, but not the fixed costs for many lesser efficient dairy producers, and certainly not the full costs including own land, labour and capital.

As a result of a combination of market measures taken since the beginning of this year community prices have stabilized around support price levels. It is essential that these market support measures, notably public intervention, continue to apply as long as necessary in order to avoid further deterioration of prices and disturbance of the community market.

**CONTENT:** Council Regulation (EC) No 1234/2007 ("Single CMO" Regulation) provides that for butter and skimmed milk powder, public intervention is available from 1 March to 31 August. Closing intervention on 31 August 2009 is likely to cause prices to fall below intervention level and thus create a serious disturbance on the market with repercussions for the already very low farm gate prices.

Because of the exceptional situation public intervention for butter and skimmed milk powder should be **extended** through a tendering procedure for the running intervention period **until 28 February 2010**. Furthermore, given the uncertainty with regard to the timing of the expected recovery of the dairy market, the Commission should be authorised to extend the intervention period for the 2010/11 intervention season if the market situation would require so, equally through a tendering procedure.

These measures will signal confidence in the future of the dairy market. Indeed, in the medium and long term it is expected that demand will pick up and prices would be expected to normalise once the economic and financial situation will improve and buyers' behaviour will return to normal.

**BUDGETARY IMPLICATION:** the cost related to this extension of the period in which intervention buying-in can continue has been based on the following assumption: based on the consumption pattern in spring 2009 and expected production pattern in September 2009 to January 2010, it has been estimated that 50 000 tonnes of Skim Milk Powder (SMP) and 31 000 tonnes of butter will be bought into intervention during this extended period. Furthermore it has been assumed that this supplementary quantity will be stocked during 2 years and hereafter sold at the market at the intervention price level. For the technical costs the amounts applicable in budget 2009 have been used.

Based on these assumptions and estimates, the estimated expenditure for butter will be **EUR 12.5 million** over the budget years 2010 to 2012. For SMP the total expenditure will be **EUR 14.4 million** over the same years.