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## **Austria**

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### **EU Ag Ministers Present Dairy and CAP Demands in Vienna**

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Trade Policy Monitoring

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**Report Highlights:**

On October 12, the Austrian agricultural minister hosted two EU Agricultural summit meetings in Vienna. In the morning, six EU ministers and the German State Secretary agreed on the “Viennese Principles” for the future of the CAP after 2013. Those principles call for maintaining two strong pillars in the CAP and the inclusion of new aspects in the second pillar like food safety and food security, climate protection and supply of renewable energy. In the afternoon, twenty EU agricultural ministers discussed solutions for the European dairy market and prepared a paper which will be presented at the next agricultural summit meeting in October and earmarked additional funds of Euro 300 million for direct support of dairy farmers beginning in 2010. The proposed measures include incentives for milk powder to be used in the feed industry, prolongation and extension of stocks, increase of export refunds, and amplification of marketing efforts and school milk programs.

## **General Information:**

### **Summary**

On October 12, the Austrian agricultural minister Nikolaus Berlakovich hosted two EU Agricultural summit meetings in Vienna. In the morning, six EU ministers and the German State Secretary agreed on the “Viennese Principles” for the future of the CAP after 2013. Those principles call for maintaining two strong pillars in the CAP. Direct payments and the support for rural development should still play an important role after 2013. New aspects like food safety and food security, climate protection and supply of renewable energy should be included in the second pillar. In the afternoon, twenty EU agricultural ministers discussed solutions for the European dairy market and prepared a paper which will be presented at the next agricultural summit meeting in Luxembourg. The so called “Demands of the 20” earmark an additional Euro 300 million for direct support to dairy farmers beginning in 2010. The proposed measures include incentives for milk powder to be used in the feed industry, prolongation and extension of stocks, increase of export refunds, and amplification of marketing efforts and school milk programs. At the same time Austrian dairy farmers staged a demonstration for higher milk producer prices in front of the Viennese Palais where the meetings took place.

### **Agreement on “Viennese Principles”**

The Austrian agricultural minister Nikolaus Berlakovich sees a strong Common Agricultural Policy after the phase out of the current EU funding period in 2013. To discuss the future of the CAP after 2013, Berlakovich’s counterparts from Poland, Finland, Slovenia, Slovakia, Czech Republic, Hungary and the German State Secretary Lindemann accepted his invitation to Vienna. The ministers reached agreement on some principles as basis for CAP after 2013. The future CAP should still be built on the two pillars of direct payment and support for rural development. Berlakovich stressed the necessity of stability and planning reliability for farmers in order to maintain a competitive agricultural sector and a vital rural area. In addition, the Austrian minister called for new aspects like food safety and food security, climate protection and supply of renewable energy to be included in the second pillar.

### **Milk Summit Requests Support Measures for EU Dairy Market**

Austrian agricultural minister Nikolaus Berlakovich also invited fellow ministers from the EU to agree to new demands for the dairy sector. Ministers from 20 EU countries representing 95% of dairy farms in the EU participated in the summit meeting. The meeting is regarded to be the largest ministerial summit hosted by the current Austrian government.

The dairy sector in Austria is an important agricultural branch and has suffered from low producer milk prices like all EU members states. Dairy production is one of the most important income sources for alpine farmers, especially in the less favored areas of the western provinces of Austria. The small scale dairy farms of Austria are particularly hit by the critical price situation. Austrian agricultural policy has always lobbied for additional support measures in the dairy sector and against termination of dairy quotas.

At the press interview after the summit meeting, Berlakovich presented the “Demands of the 20” countries including the Austrian position. He expressed his opinion that the measures the Commission had taken before – like export refunds and intervention – did have an effect but did not

go far enough to help the dairy sector out of the crisis. On a national level he said that he had already utilized all possibilities to support Austrian dairy farmers through a liquidity package (direct payments are paid in October instead of December), deferring the 1% increase of the milk quota in 2010, and the introduction of a dairy cow premium in 2010. Now it would be the Commission's turn to introduce further measures.

In detail, the "Demands of the 20" earmark Euro 300 million in additional funds for direct support of dairy farmers beginning in 2010. The proposed measures include incentives for milk powder to be used in the feed industry, prolongation and extension of stocks, increase of export refunds, and amplification of marketing efforts and school milk programs. In addition a new alternate quantity regulating measure should compensate for the terminating quota system.

The "Demands of the 20" which have been discussed and agreed on October 12 in Vienna will be on the agenda of the next Ag ministerial meeting in Luxembourg. Berlakovich said: "When 20 out of 27 member states present and strongly support a program, the Commission cannot decide over our heads." He is convinced that the Commission has to adopt at least large parts of the program.

### **Demonstration of Austrian Dairy Farmers in Front of the Summit Venue**

At the same time of the ministerial dairy summit, Austrian farmers staged a demonstration in front of the Viennese Palais, where the summit took place. Farmers claimed higher and fair producer milk prices to be able to survive.