

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## EU-28

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### **EU Announces New 500 Million Farm Crisis Aid Package**

**Report Categories:**

Agricultural Situation

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**Report Highlights:**

On July 18, 2016, the EU approved a new €500 million support package for European farmers that are still suffering from the ongoing price crisis. The aid package is similar to last year's package, as it also includes €150 million for reducing milk production on a voluntary basis. The remaining €350 million is distributed among the Member States, which can top up their envelope with national aid. The seven point package includes further market measures for dairy and a market withdrawal program for fruit and vegetables.

**General Information:**

On July 18, 2016, European Union (EU) Agricultural Ministers agreed on a new €500 million support package from the European Commission. This is a much larger package than the €300 million anticipated and is very similar to the previous €500 million package that was agreed to in October 2015. Similar to last year, the package again consists of a €150 million program for the reduction of milk production on a voluntary basis, while the remaining €350 million is allocated to Member States for conditional support programs that can be added to by MS co-funding. Other measures, including for fruit and vegetables, complete the seven point “solidarity” package.

**July 2016: 7-point Solidarity Package for Agriculture**

1. Milk production reduction scheme: €150 million will be used to support a voluntary reduction of EU milk deliveries. This scheme will operate at the EU level so that farmers across the Union have access to it under the same conditions.
2. Conditional adjustment aid: €350 million will be used to implement measures at Member State level (see below for amounts per Member State). MS may increase the aid amount by 100%.
3. Voluntary Coupled Support: Member States are given the possibility to review their Voluntary Coupled Support (VCS) arrangements for the dairy sector to ensure that the payment is decoupled in 2017.
4. Extension of the public intervention for skimmed milk powder (SMP) beyond 30 September: The public intervention for SMP will be extended until end of February 2017, when the standard period resumes. The ceiling for SMP bought-in at fixed price stays at 350,000 tons until the end of December 2016.
5. Extension of the private storage aid schemes for SMP: Both the standard (between 90 and 210 days storage) and the enhanced (365 day storage) SMP schemes will be extended until the end of February 2017.
6. Advance payments: Advances will be increased to 70% for direct payments from 16 October 2016 and 85% for area-based rural development payments after finalization of the administrative checks.
7. Fruits and vegetables: Support will be updated for withdrawals made by producer organizations in the fruit and vegetables sector.

The breakdown of the €350 million aid package by MS is as follows, along with a comparison to last

years' package:

<b>National Envelopes</b>		
<b>Member State</b>	<b>July 2016/Euro</b>	<b>Oct. 2015/Euro</b>
Belgium	10,979,636	13,049,568
Bulgaria	5,809,941	6,004,009
Czech Republic	10,346,106	11,155,561
Denmark	9,294,305	11,103,077
Germany	57,955,101	69,233,789
Estonia	8,081,123	7,561,692
Ireland	11,086,327	13,734,230
Greece	1,683,910	2,258,253
Spain	14,665,678	25,526,629
France	49,900,853	62,899,543
Croatia	1,517,133	1,812,383
Italy	20,942,300	25,017,897
Cyprus	297,165	354,997
Latvia	9,760,362	8,452,333
Lithuania	13,298,661	12,631,869
Luxembourg	560,115	669,120
Hungary	9,543,566	9,505,286
Malta	100,092	119,570
Netherlands	22,952,419	29,937,209
Austria	5,863,491	7,004,590
Poland	22,670,129	28,946,973
Portugal	3,988,059	4,764,178
Romania	10,896,083	11,145,958
Slovenia	1,145,506	1,368,433
Slovakia	2,062,803	2,464,247
Finland	7,521,715	8,985,522
Sweden	6,881,425	5,220,625
United Kingdom	30,195,996	36,072,462
<b>EU</b>	<b>350,000,000</b>	<b>420,000,000</b>

Source: European Commission