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Informal EU Agriculture Council October 5 to discuss dairy

Report Categories:

Agricultural Situation

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Report Highlights:

The Swedish Presidency of the EU has decided to convene an extraordinary informal meeting of Agriculture Ministers on October 5, 2009 to discuss the dairy situation. Swedish Agriculture Minister, Eskil Erlandsson, has been reported to have said that the meeting had been convened because of ‘...the crisis in Europe on the market’. It is understood that Agriculture Commissioner, Mariann Fischer Boel, will present a road map to the European dairy sector at the meeting.

General Information:

The Swedish Presidency of the EU has decided to convene an extraordinary informal meeting of Agriculture Ministers on October 5, 2009 to discuss the dairy situation. Swedish Agriculture Minister, Eskil Erlandsson, is reported to have said that the meeting had been convened because of ‘...the crisis in Europe on the market’.

The French proposal for an extraordinary meeting to discuss the issue was supported by Austria, Belgium, Ireland, Slovakia and Poland. The French-German inspired memorandum on the dairy sector that was presented at the Agriculture Council of September 9, 2009 is now supported by 19 Member States.

It is understood that Agriculture Commissioner, Mariann Fischer Boel, will present a European dairy sector 'road map' at the informal Council (as she had [presented](#) to the European Parliament on September 17, 2009). The Council may also launch the Expert Working Group (comprised of officials from the Member States and the Commission) on the medium to long-term future of the dairy sector which Fischer Boel announced at the same Parliament session. As such, no proposal will be made at the informal Council.

Member States' views at Special Committee on Agriculture on the measures outlined by Fischer Boel at the Parliament varied considerably:

- a. The temporary doubling of the State Aid *de minimis* to €15,000 under the Temporary Crisis Framework was backed by Belgium, Germany and Finland, with Czech Republic and Spain *inter alia* concerned about potential distortions of competition.
- b. The application of Article 186 of the Single Common Market Organization to the dairy sector (allowing the Commission to take temporary action quickly under its own powers during times of market disturbance) prompted mixed reactions.
- c. The concept of buying back quotas into each Member State's reserve and using superlevy funds for restructuring was broadly supported although several Member States insisted that such a system should be voluntary. The Commission clarified that the scheme would be funded on a national basis.
- d. There was broad support for the creation of the Expert Working Group to examine medium to long-term issues including contractual relations and price mechanisms. Composition of the Group and specific items to be examined were discussed.

COPA COGECA (European farmers and agri-cooperatives organization) welcomed the proposal to bring the dairy sector under Article 186 of the Single Common Market Organization and asserted that additional funds must be made available in order to make it work. The European Parliament's demands to set up an EU Dairy Fund of €600 million to aid cooperatives and producer organizations to support farm modernization was similarly welcomed. While welcoming the creation of the Expert Working Group, COPA COGECA strongly favors the inclusion of farm organization experts. Additionally, all market measures available, particularly in public intervention, as well as actions aimed at stimulating demand should be used.

At the Parliament, Fischer Boel underlined that these measures complemented those already agreed, namely:

- a. The additional expenditure of around €600 million on market measures over a twelve month period.
- b. 70 percent of direct payments being allowed to be paid from October 16 rather than December. Fischer Boel asserted that this represented a significant amount of money – under the 2003 reform an extra €5 billion went into the Single Payment Scheme to compensate for reductions in intervention prices.

- c. Under the 'Health Check' and the Economic Recovery Package, an extra €4.2 billion is available to address 'new challenges' including restructuring the dairy sector.
- d. Rural Development Policy and State Aid possibilities.

Commission sources have confirmed the assertion that the additional €600 million on market measures could not be exceeded without overstepping the budget limits. No official data is publicly available to demonstrate this.