



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 15 October 2009

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AGRIORG 104**

NOTE

from : General Secretariat of the Council
to : Council

Subject : Situation on the European dairy market

In view of the Council meeting (Agriculture and Fisheries) on 19-20 October 2009, delegations will find attached a note submitted by the Belgian, Bulgarian, Czech, German, Estonian, Irish, Greek, Spanish, French, Italian, Latvian, Lithuanian, Luxembourg, Hungarian, Austrian, Polish, Portuguese, Romanian, Slovenian, Slovak and Finnish delegations.

**Common contribution on the situation on the European dairy market by
Austria, Belgium, Bulgaria, Czech Republic, Estonia, Finland, France, Germany,
Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Poland, Portugal,
Romania, Slovakia, Slovenia and Spain
to the meeting of the Council of Ministers on 19th October 2009**

- The crisis in the European dairy market is profound. It has placed producers in unprecedented distress. Many have exhausted their financial reserves. The viability of what is a strategic sector for the economy as a whole and crucial for the daily life of European citizens is now seriously threatened.
- Together, we will define a regulatory framework for the European milk market, to be put in place, which can contribute to stabilizing the market and producers' income and enhance transparency on the market in order to have a fair relationship between producers, dairy industry, retailers and consumers. We emphasize the need for an adequate community framework.
- We must strengthen the European dairy sector and provide producers the possibility to earn a stable and decent level of income from their work. We will be attentive to this in the context of the High Level Group set up by the Commission.
- We wish to see the adoption of **a series of immediate measures in order** to effectively stabilize the dairy sector rapidly:
 - **Restoration of market balance**
 - **Authorisation of public and private-sector storage** throughout the year and its broadening to include other products, cheese in particular
 - **Definition of a policy for countercyclical destocking** aligned with price evolution to avoid disturbing the market recovery.

- **Reinforcement of the distribution of dairy products in schools** by increasing aid through enlargement of the range of products benefiting from the aid and of beneficiary organisations such as universities and higher EU-funding.
 - **Promotion of dairy products through improved consumer information:** labelling of products to indicate origin (place of production) on a voluntary basis or in European legislation, labelling of substitutes to counteract the trend towards substituting milk constituents and promotion.
 - **Support for exports of targeted products** (butter, milk powder, cheese) to certain third countries without disturbing their own production, in the respect of our international commitments.
 - **Reactivating the aid for the usage of skim milk and skim milk powder in feeding stuffs**, which was temporarily suspended.
- **Modification of the single Common Market Organisation in order**
- to empower the Commission to adopt **emergency measures** in the dairy sector, as has already been done in other industries;
 - to provide producers, as soon as possible, with adequate means to organise themselves better and to encourage **a fair and balanced relationship** between producers, processors and retailers, providing them with the forward visibility they need.
- **Enabling the producers to get through this difficult period**
- In the context of the Community procedure for the adoption of the 2010 budget, at least an additional **€ 300 million envelope without prejudice to other sectors** should be proposed by the Commission, along the proposals of the European Parliament.
 - That envelope could be allocated between Member States to allow them to implement existing and/or new measures according to subsidiarity, Commission having to propose any necessary legal bases.
