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**NOTE**

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From: General Secretariat of the Council  
To: Delegations  
Subject: Market situation  
- Information from the Spanish delegation

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Delegations will find in Annex a note from the Spanish delegation on the Market situation to be presented under "Any other business" at the Council ("Agriculture and Fisheries") on 15 February 2016.

## MARKET SITUATION

Spain wishes to express its concern, in the framework of the meeting of the Agriculture and Fisheries Council on 15 February 2016, at the current market situation for certain agricultural and livestock products.

Specifically, we are particularly concerned at the situation currently affecting the dairy sector and the vegetables sub-sector.

As regards the dairy sector, the fall in imports by third countries, combined with production levels that are higher than those of previous years, as well as a reduction in consumption within the internal market, led to a downturn in 2015 which is continuing into the first few weeks of 2016.

The outlook for spring is very worrying and for the time being there are no positive signs that can be conveyed to the sector. EU and Spanish dairy prices are not picking up. Similarly, the prices of dairy products - mainly milk powder - are continuing to fall and there has been a sharp dip in quotes in reference price auctions in the global dairy futures market, confirming medium-term trends.

This is particularly worrying in those regions which, owing to their sectoral structure and production specialisation, have few alternatives to dairy production; this is jeopardising the survival of farmers, for whom the expectations created before the end of the milk quota scheme have not been met.

As regards the vegetables sub-sector, the abnormally high temperatures experienced this autumn and winter are leading to considerable mismatches in production, resulting in over-supply and market saturation. The prices of the main vegetables produced by Spain are therefore considerably below the average of recent years; in some cases they are at an all-time low and below production costs.

This is especially true of tomatoes, where the problem of greater supply within the EU because of climate factors is compounded by greater pressure from imports from third countries, which are exporting unprecedentedly large amounts this year compared to traditional trade flows.

Despite the current economic difficulties, farmers are not using the crisis management mechanisms to withdraw products from the market to the extent that would have been expected, under either the operational programmes or the special measures following the Russian ban.

This is clearly a sign that the existing crisis management measures are ineffective. We therefore believe that these measures need to be reviewed and, more specifically, that withdrawal prices need to be increased, particularly given that such an increase does not involve any increase in expenditure under the EU budget, since withdrawals are limited in terms of both the quantities involved and expenditure under the operational programmes.

Lastly, bearing in mind that the exceptional measures in support of the fruit and vegetables sector which were adopted following the Russian ban will come to an end in June 2016, it is even more crucial that the withdrawal prices under the crisis management measures for fruit and vegetables should be revised upwards. We are forwarding this request to the Commission, in the hope that it will be examined as soon as possible.