Commission Delegated Regulation (EU) 2016/1613 of 8 September 2016 providing for exceptional adjustment aid to milk producers and farmers in other livestock sectors

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007[(1)], and in particular Article 219(1) in conjunction with Article 228 thereof,

Having regard to Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008[(2)], and in particular Article 106(5) thereof,

Whereas:

(1) The milk sector is confronted with market disturbance due to a worldwide supply-demand imbalance, in which the prolongation until the end of 2017 of the Russian ban on the import of agricultural products and foodstuffs originating in the Union plays a role.

(2) Global demand for milk and milk products slightly increased in 2015 and in the first months of 2016, but at a much lower rate than production.

(3) Global milk supply generally increased throughout 2015, with a combined production growth in the Union, the United States and New Zealand amounting to some 4,5 million t, while total exports from the Union and those two third countries in milk equivalent decreased by some 200 000 t.

(4) In the first four months of 2016, milk production in the Union, the United States and New Zealand increased by some 3,6 million t, with less than 1 % of that volume being absorbed by additional exports.

(5) As a consequence, prices of raw milk in the Union have further decreased and downward pressure is likely to continue, reaching unsustainable levels for milk producers. In May 2016, average farm gate milk prices in the Union were 22 % below the average price in May of the years 2011 to 2015.

Changes to legislation: *There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2016/1613. (See end of Document for details)*

(6) In parallel, milk price disparities have widened between Member States. Small farmers are particularly hit, putting at risk the social fabric of rural areas.

(7) Other livestock sectors, in particular the pigmeat, beef and veal, and sheepmeat and goatmeat sectors, experience market difficulties as well. With regard to pigmeat those difficulties are mainly related to the Russian import ban notably linked to the outbreak of African swine fever in certain Member States, while for the beef and veal sector they are a side-effect of the milk market disturbance.

(8) Market intervention instruments in the form of public intervention and private storage for butter and skimmed milk powder have remained available without interruption since September 2014. Those instruments have mitigated the crisis' impact and have set a floor to the continuous decrease of milk product prices, but global imabalance persists.

(9) As the normal measures available under Regulation (EU) No 1308/2013 appear to be insufficient and in order to cater for a situation where prices would further deteriorate and deepen market disturbances, it is essential that aid is made available to milk producers and farmers in other livestock sectors in the Union affected by market disturbances that severely weakened profitability and liquidity. Member States should choose one or more of the sectors concerned, or part of them, to support producers and farmers who suffer most from market disturbances.

(10) In order to improve farmers' resilience, that aid should be confined to more sustainable farming methods. Particular attention should be given to small farms, which form the backbone of rural economy.

(11) To alleviate the current crisis, it is appropriate to provide Member States with a one-time financial grant to support milk producers and/or farmers in other livestock sectors engaging in activities fostering economic sustainability and market stabilisation.

(12) The financial grant available to each Member State should take into account the main features of their sectors including production, market prices and the weight of small farmers.

(13) Member States should design measures based on one or more of the following activities fostering economic sutainability and market stabilisation: freezing or reducing production, small scale farming, extensive production, environmental and climate friendly production, cooperation between farmers, improvement of quality and added value, and training in sound management methods.

(14) Taking account of the particular situation of milk producers and farmers in other livestock sectors, which varies across the Union, Member States should choose the most appropriate measures, in particular in terms of market stabilisation and economic sustainability, and should provide a description of the concrete measures to be taken.

(15) As the amount allocated to each Member State will compensate only a limited portion of the actual loss suffered by milk producers and farmers in other livestock sectors, Member States should be allowed to grant additional support to those farmers, under the same conditions of objectiveness, non-discrimination and non-distortion of competition.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2016/1613. (See end of Document for details)*

(16) The aid provided for in this Regulation should be granted as a measure supporting agricultural markets in accordance with Article 4(1)(a) of Regulation (EU) No 1306/2013.

(17) In order to give them the flexibility to distribute the aid as circumstances require to cope with the difficulties, Member States should be allowed to cumulate it with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

(18) As the financial grant is fixed in euro, it is necessary, in order to ensure a uniform and simultaneous application, to fix a date for the conversion of the amount allocated to Member States not having adopted the euro into their national currencies. It is therefore appropriate to determine the operative event for the exchange rate in accordance with Article 106 of Regulation (EU) No 1306/2013. In view of the principle referred to in paragraph (2)(b) of that Article and the criteria laid down in paragraph (5)(c) of that Article, the operative event should be the date of the entry into force of this Regulation.

(19) For budgetary reasons, the Union should finance the expenditure incurred by Member States in relation to milk producers and farmers in other livestock sectors only where such expenditure is made by a certain deadline.

(20) In order to ensure transparency and the monitoring and proper administration of the amount available to them, Member States should inform the Commission of the concrete measures to be taken, the objective criteria used, the rationale for supporting livestock sectors other than milk, the measures taken to avoid distorsion of the market, the intended impact of the measures and the methods to check that it is reached.

(21) In order to ensure that milk producers and farmers in other livestock sectors receive the aid as soon as possible, Member States should be enabled to implement this Regulation without delay. Therefore, this Regulation should enter into force on the day following that of its publication,

HAS ADOPTED THIS REGULATION:

Article 1

1 Union aid of a total amount of EUR 350 000 000 shall be available to Member States to provide exceptional adjustment aid to milk producers and/or to farmers in the beef and veal, pigmeat and sheepmeat and goatmeat sectors (‘farmers in other livestock sectors’).

Member States shall use the amounts available to them as set out in the Annex for measures taken on the basis of objective and non-discriminatory criteria, provided that the resulting payments do not cause distortion of competition.

The measures taken by the Member States shall support milk producers and/or farmers in other livestock sectors who engage in one or more of the following activities that aim at fostering the economic sustainability of their holdings and that contribute to market stabilisation:

a production reduction beyond that covered by Commission Delegated Regulation (EU) 2016/1612[(3)] or not increasing production;

b small-scale farming;

Changes to legislation: *There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2016/1613. (See end of Document for details)*

c the application of extensive production methods;
d the application of environmental and climate friendly production methods;
e the implementation of cooperation projects;
f the implementation of quality schemes or projects aiming at promoting quality and value added;
g training in financial instruments and risk management tools.

Member States shall ensure that, when milk producers and farmers in other livestock sectors are not the direct beneficiaries of the payments, the economic benefit of the aid is passed on to them in full.

Member States' expenditure in relation to the payments under this Regulation shall only be eligible for Union aid if those payments have been made by 30 September 2017 at the latest.

[[F1]However, as regards the earthquake-stricken regions in Italy, expenditure in relation to the payments under this Regulation for livestock farmers shall only be eligible for Union aid if those payments have been made by 30 September 2018 at the latest.**]**

2 In respect of Bulgaria, the Czech Republic, Denmark, Croatia, Hungary, Poland, Romania, Sweden and the United Kingdom, the operative event for the exchange rate as regards the amounts set out in the Annex shall be the date of entry into force of this Regulation.

3 Measures under this Regulation may be cumulated with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

Textual Amendments

F1 Inserted by Commission Delegated Regulation (EU) 2017/286 of 17 February 2017 amending Delegated Regulation (EU) 2016/1613 as regards livestock farmers in earthquake-stricken regions of Italy.

Article 2

Member States may grant additional support for the measures taken under Article 1 up to a maximum of 100 % of the corresponding amount as set out in the Annex, under the same conditions of objectiveness, non-discrimination and non-distortion of competition as laid down in Article 1.

Member States shall pay the additional support by 30 September 2017 at the latest.

[[F1]In addition to the support referred to in the first subparagraph, with regard to Italy, further support for livestock farmers in earthquake-stricken regions may be granted up to a maximum of 100 % of the amount as set out in the Annex.

Additional support for livestock farmers in earthquake-stricken regions in Italy shall be paid by 30 September 2018 at the latest.**]**

Textual Amendments

F1 Inserted by Commission Delegated Regulation (EU) 2017/286 of 17 February 2017 amending Delegated Regulation (EU) 2016/1613 as regards livestock farmers in earthquake-stricken regions of Italy.