Commission Delegated Regulation (EU) 2016/1612 of 8 September 2016 providing aid for milk production reduction

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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) Voluntary agreements and decisions on the planning of production in the milk and milk products sector have been authorised for recognised producer organisations, their associations and recognised interbranch organisations by Commission Implementing Regulation (EU) 2016/559[(3)] and for cooperatives and other forms of producer organisations in the milk and milk products sector by Commission Delegated

Regulation (EU) 2016/558[4] for a period of six months starting on 13 April 2016. That period was extended by Commission Implementing Regulation (EU) 2016/1615[5].

(6) 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.

(7) Those instruments have mitigated the crisis' impact and set a floor to the continuous deterioration of dairy product prices but global imbalance persists.

(8) In order to help the milk and milk products sector find a new balance under the prevailing severe market situation and given that, on the basis of available market analysis, no significant decrease in production volumes is expected until the end of 2017, it is appropriate that aid is made available to milk producers in the Union who voluntarily engage in milk production reduction.

(9) As milk production in the Union is predominantly characterised by cow milk deliveries, while direct sales and milk from other species only represent a marginal share of the Union milk production, it is appropriate that aid is made available for a reduction in cow milk deliveries only.

(10) In order to achieve an effective reduction in cow milk deliveries, the eligibility of applicants should be limited to those who were delivering cow milk to first purchasers in July 2016, the most recent time period for which applicants can provide evidence of such deliveries.

(11) With the same aim of effectiveness, Union aid should not cover more than a 50 % reduction of cow milk deliveries compared to the relevant reference period.

(12) 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.

(13) It should be allowed to cumulate that aid with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

(14) 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.

(15) In order for the scheme to run effectively without exceeding the maximum total volume of cow milk delivery reduction covered by the aid, notifications should be provided for with regard to applications for aid and applications for payment.

(16) In order to maximise use of the scheme, a number of application periods should be provided for until the total volume of cow milk delivery reduction corresponding to

the available budget is exhausted by aid applications. To ensure that applications are efficiently dealt with, they should preferably be submitted by electronic means.

(17) In order for applications to involve a meaningful cow milk delivery reduction and to avoid a disproportionate administrative burden, a minimum quantity of cow milk delivery reduction should be fixed per application.

(18) In order to ensure uniform treatment of applications throughout the Union, a standard conversion factor should be set for converting litres into kg.

(19) Member States should not only check the admissibility of aid applications but also their plausibility. For instance, an aid application for which the total volume of cow milk to be delivered to first purchasers in the reduction period is bigger than the total volume delivered in the reference period should not be considered plausible.

(20) In order to ensure that beneficiaries receive the aid as soon as possible and production reduction can start without delay, this Regulation should enter into force on the day following that of its publication,

HAS ADOPTED THIS REGULATION:

Article 1

1 Union aid shall be available to eligible applicants reducing cow milk deliveries for a three month period, hereinafter referred to as 'the reduction period', compared with the same period in the previous year, hereinafter referred to as 'the reference period', under the conditions laid down in this Regulation.

Union aid shall be fixed at EUR 14/100 kg of cow milk for the volume corresponding to the difference between the cow milk delivered during the reference period and the cow milk delivered during the reduction period. Union aid shall not cover more than a total volume of cow milk delivery reduction corresponding to EUR 150 000 000.

Per eligible applicant, Union aid shall cover a quantity of cow milk delivery reduction that is no more than 50 % of the total quantity of cow milk delivered to first purchasers in the reference period.

2 For the purposes of this Regulation, 'eligible applicants' means milk producers who delivered cow milk to first purchasers in July 2016.

3 In respect of eligible applicants established in 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 paid under this Regulation shall be the date of entry into force of this Regulation.

4 The aid provided for in this Regulation may be cumulated with other support financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

Article 2

1 The aid shall be granted on the basis of applications.

The minimum quantity of cow milk delivery reduction covered by an aid application shall be 1 500 kg.

Where the quantity of cow milk delivery reduction is expressed in litres, it shall be multiplied by the coefficient 1,03 to be expressed in kg.

2 Aid applications shall be submitted by eligible applicants with the Member State where the applicant is established, using the method established by the Member State concerned. Aid applications shall be submitted in such a way that they are received by the Member State by the time limits for receipt set out in the third subparagraph.

Member States may decide that aid applications may be submitted on behalf of eligible applicants by recognised producer organisations or by cooperatives. In that case, Member States shall ensure that the aid is passed on in full to those eligible applicants who have actually reduced their cow milk deliveries under the conditions laid down in this Regulation.

The time limits for the receipt of complete applications shall be:

a 21 September 2016 at 12.00 (Brussels time) for the first reduction period covering October, November and December 2016;

b 12 October 2016 at 12.00 (Brussels time) for the second reduction period covering November and December 2016 and January 2017;

c 9 November 2016 at 12.00 (Brussels time) for the third reduction period covering December 2016 and January and February 2017;

d 7 December 2016 at 12.00 (Brussels time) for the fourth reduction period covering January, February and March 2017.

Applicants for aid shall not submit more than one aid application under this Regulation. Where an applicant submits more than one application, none of his applications shall be admissible. However, applicants who submitted an application for the first reduction period may also submit an application for the fourth reduction period.

3 In order to be admissible, an aid application shall include:

a the following information on a form made available by the Member State:

(i) the eligible applicant's name and address;

(ii) the total quantity of cow milk delivered to first purchasers in the reference period;

(iii) the total quantity of cow milk planned to be delivered in the reduction period;

(iv) the planned quantity of cow milk delivery reduction for which the aid is applied for and which shall be no more than 50 % of the total quantity referred to in point (ii) and no less than 1 500 kg;

b documents indicating the total quantity of cow milk referred to in point (a)(ii);

c documents indicating that the application relates to a milk producer who delivered cow milk to first purchasers in July 2016.

4 Aid applications covering a quantity of cow milk delivery reduction that is less than 1 500 kg shall be rejected.

Aid applications covering a quantity of cow milk delivery reduction that is more than 50 % of the total quantity referred to in point (a)(ii) of paragraph 3 shall be deemed to have been submitted for a quantity of cow milk delivery reduction equal to 50 % of the total quantity referred to in that point.