Commission Implementing Regulation (EU) 2016/559 of 11 April 2016 authorising agreements and decisions on the planning of production in the milk and milk products sector

COMMISSION IMPLEMENTING REGULATION (EU) 2016/559

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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 222 thereof,

Whereas:

(1) The milk and milk products sector is experiencing a prolonged period of severe market imbalance. Farm gate milk prices have been under pressure for the last 18 months, due to imbalance between increased production and decelerating demand growth on the world market. Milk deliveries in the Union increased by more than 3,5 million tonnes in 2015, while import demand on the world market did not increase. This built on an even larger increase in milk deliveries in 2014, while the long-term trend in import demand is estimated to involve the equivalent of 1,5 million tonnes of milk more on average per year. Margins at farm level are squeezed between dropping milk revenues and increasing costs, notably linked to debt servicing. The long-term nature of investments in dairy herds makes it particularly difficult for farmers to quickly shift to alternative businesses under adverse circumstances.

(2) The Commission has already taken a number of exceptional measures to address the situation on the basis of Article 219 of Regulation (EU) No 1308/2013 in Commission Delegated Regulations (EU) No 949/2014[(2)], (EU) No 950/2014[(3)], (EU) No 1263/2014[(4)], (EU) No 1336/2014[(5)], (EU) No 1370/2014[(6)], (EU) 2015/1549[(7)], (EU) 2015/1852[(8)] and (EU) 2015/1853[(9)].

(3) Skimmed milk powder has been bought in under public intervention since July 2015.

(4) Aid for the private storage of butter, skimmed milk powder and cheese has been granted since the introduction of the Russian import ban in August 2014.

(5) Despite the effectiveness of those measures, the situation continues to deteriorate due to the fact that the closure of the Russian market and lower demand from China have hit the milk and milk products sector at a time where investments in production had been made in view of the milk quota expiry on 31 March 2015 and positive prospects on the

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2016/559. (See end of Document for details)*

world market. On the basis of the available market analysis, any significant decrease in production volumes is not to be expected in the next two years.

(6) In order to help the milk and milk products sector find a new balance under the prevailing severe market situation and accompany the necessary adjustments following milk quota expiry, it is appropriate to allow for voluntary agreements and decisions of recognised producer organisations, their associations and recognised interbranch organisations to plan production on a temporary basis for a period of six months.

(7) Such agreements and decisions on planning of production should be temporarily authorised during six months, coinciding with spring and summer, which is the high production season in the milk and milk products sector and should therefore have the most significant impact.

(8) In accordance with the first subparagraph of Article 222(1) of Regulation (EU) No 1308/2013, an authorisation is to be given on the condition that it does not impair the functioning of the internal market and that the agreements and decisions strictly aim at stabilising the milk and milk products sector. That specific condition excludes agreements and decisions that directly or indirectly lead to partitioning markets, to discrimination based on nationality or to fixing prices.

(9) The authorisation provided for in this Regulation should cover the Union territory given that the severe market imbalance is common to the whole Union.

(10) In order for the Member States to be in a position to assess whether the agreements and decisions do not undermine the functioning of the internal market and strictly aim to stabilise the milk and milk products sector, information should be provided to the competent authorities on the agreements concluded and decisions taken and on the production volume covered by them.

(11) Given the severe market imbalance and the run-up to the seasonal peak, this Regulation should enter into force on the day following that of its publication.

(12) The measures provided for in this Regulation are in accordance with the opinion of the Committee for the Common Organisation of the Agricultural Markets,

HAS ADOPTED THIS REGULATION:

[F1 Article 1

Without prejudice to Article 152(3)(b)(i) and Article 209(1) of Regulation (EU) No 1308/2013, recognised producer organisations, their associations and recognised interbranch organisations in the milk and milk products sector are hereby authorised:

(a) during a period of six months starting on 13 April 2016 or 13 October 2016 to conclude voluntary joint agreements and take common decisions having a validity ending on 12 October 2016 or 12 April 2017 at the latest, respectively, on the planning of the volume of milk to be produced; or

(b) to prolong the validity of such agreements or decisions concluded or taken during the period starting on 13 April 2016 for a period not exceeding 12 April 2017.**]**

Textual Amendments

F1 Substituted by Commission Implementing Regulation (EU) 2016/1615 of 8 September 2016 amending Implementing Regulation (EU) 2016/559 as regards the period in which agreements and decisions on the planning of production in the milk and milk products sector are authorised.

Article 2

Member States shall take the necessary measures to ensure that the agreements and decisions referred to in Article 1 do not undermine the proper functioning of the internal market and strictly aim to stabilise the milk and milk products sector.

Article 3

The geographic scope of this authorisation is the Union territory.

Article 4

1 As soon as the agreements or decisions referred to in Article 1 are concluded or taken, the producer organisations, associations and interbranch organisations concerned shall communicate those agreements or decisions to the competent authority of the Member State having the highest share of estimated volume of milk production covered by those agreements or decisions, indicating the following:

a the estimated production volume covered;

b the expected time period of implementation.

[[F1]2 No later than 25 days after the end of each six-month period referred to in Article 1, the producer organisations, associations or interbranch organisations concerned shall communicate the production volume actually covered by the agreements or decisions to the competent authority referred to in paragraph 1 of this Article.**]**

3 In accordance with Commission Regulation (EC) No 792/2009[(10)] Member States shall notify the Commission of the following:

a no later than five days after the end of each one-month period, the agreements and decisions communicated to them in accordance with paragraph 1 during that period;

[[F1]b no later than 30 days after the end of each six-month period referred to in Article 1, an overview of the agreements and decisions implemented during that period.**]**

Textual Amendments

F1 Substituted by Commission Implementing Regulation (EU) 2016/1615 of 8 September 2016 amending Implementing Regulation (EU) 2016/559 as regards the period in which agreements and decisions on the planning of production in the milk and milk products sector are authorised.

Article 5

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.