Commission Delegated Regulation (EU) 2015/1853 of 15 October 2015 providing for temporary exceptional aid to farmers in the 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 therof,

Whereas:

(1) Global demand growth for milk and milk products has generally decreased throughout 2014 and in the first half of 2015, notably as a result of the slowdown in export to China, the main importer of milk products in the world.

(2) The Union market for pigmeat has deteriorated througout 2014 and 2015. Union domestic production had increased and well performing exports declined strongly as a result of the loss of Russia as an export market. Due to the specifics of the pig market, with a system of inherent delayed adaptation of the breeding sector to reduced demand for slaugthter pigs, the market situation developed into a critical oversupply and continuing price pressure going beyond the one of normal cyclical periods.

(3) On 25 June 2015 the Russian government announced the prolongation of the ban on the import of agricultural products and foodstuffs originating in the Union for another year, up to 6 August 2016.

(4) The milk and milk products and pigmeat sectors are therefore confronted with market disturbances due to a strong supply-demand imbalance.

(5) As a consequence, prices of raw milk and pigmeat in the Union have further decreased and downward pressure is likely to continue, reaching unsustainable levels for many farmers, who are experiencing cash-flow and treasury difficulties. In July 2015, average raw milk prices in the Union had decreased by 12 % compared to the average July price in years 2010 to 2014, and by 20 % when compared with July 2014. In July 2015 the pig carcass price had decreased by 13 % and piglet prices by 23 % compared to the average price in July 2014. In addition, prices have reached exceptionally low levels, below the last five years' average.

(6) In addition, yields for spring and summer crops were negatively affected in several Member States because of high temperatures in July and August and very low rainfall.

The beef and veal, milk and milk products, pigmeat and sheepmeat and goatmeat sectors have been severely influenced by the increase of production costs owing to the scarcity of feed crops and pastures.

(7) 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. While those instruments have softened the deleterious effects of the fall in prices, they have not prevented the continuous decrease in milk products' prices and raw milk prices. Private storage for pigmeat has stabilised pig prices in March and April 2015 but not stimulated a substantial price recovery. Given the production cycle of pigmeat, opening a private storage aid scheme at this particular period of time would not appropriately address the present market disturbance. Similarly, market tools provided for under Regulation (EU) No 1308/2013 for other livestock sectors are not designed to alleviate regionally confined economic problems. Any additional market intervention measure that might be envisaged in the form of private storage aid, while being complementary to the targeted financial assistance, would not address the inmediate need for liquidity in the livestock sectors, as it would have a medium term impact at farm level.

(8) A situation has therefore arisen in which measures available under Regulation (EU) No 1308/2013 appear to be insufficient to address the market disturbance.

(9) In order to cater for a situation where prices would further decrease and deepen market disturbances, it is essential that targeted financial assistance is addressed to the Union livestock sectors particularly affected.

(10) Therefore, in order to address the existing market disturbance efficiently and effectively and to prevent the situation resulting from that disurbance, or its effect on the market, from continuing or deteriorating further, it is appropriate to grant aid to Member States in the form of a one-time financial grant with a view to supporting farmers in the livestock sectors who are experiencing the deepest price fall, the direct consequences of the prolongation of the Russian import ban, and the impact of the drought on feed crops.

(11) The financial grant available to each Member State concerned should be calculated on the basis of 2014/2015 national milk quotas and national pig population, and proportionate to the observed farm gate milk and pig carcass price decrease, the degree of dependence from the Russian market and the impact of the drought on feed crop production and price. In order to ensure targeting the support to those farmers most affected by the market disturbance taking into account the limited budget resources, the Member States concerned should be given the flexibility to distribute that national amount through the most effective channels on the basis of objective and non-discriminatory criteria, such as the price fall in the sectors concerned, while ensuring that farmers in the livestock sectors are the ultimate beneficiaries of the targeted aid, and avoiding any market and competition distortion.

(12) As the financial grant allocated to each Member State will compensate only a limited portion of the actual loss suffered by the farmers in the 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) 2015/1853. (See end of Document for details)*

(13) In order to give them the flexibility to distribute the targeted financial assistance as required to deal with the disturbance, the 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.

(14) As the financial grant for each Member State concerned 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 Bulgaria,, the Czech Republic, Denmark, Croatia, Hungary, Poland, Romania, Sweden and the United Kingdom 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 of the European Parliament and of the Council[(2)]. In view of the principle referred to in Article 106(2)(b) of Regulation (EU) No 1306/2013 and the criteria laid down in Article 106(5)(c) of that Regulation, the operative event should be the date of the entry into force of this Regulation.

(15) 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.

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

(17) In order to ensure transparency and the monitoring and proper administration of the amount available to them, the Member States concerned should inform the Commission of the objective criteria used to determine the methods for granting the support and the provisions taken to avoid distortion of competition.

(18) In order to ensure that the farmers in the livestock sectors receive the aid as soon as possible, the Member States concerned 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 420 000 000 shall be available to Member States to provide targeted support to farmers in the beef and veal, milk and milk products, pigmeat and sheepmeat and goatmeat sectors (‘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 aim at alleviating the economic consequences resulting from the market disturbances on farmers in the livestock sectors.

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