

Reply to Oral Question O-000055/2016 on Measures to alleviate the Crisis in the European Agriculture Sector

Chair, honourable members, I welcome the opportunity to address this House at a time of crisis in the agriculture markets in several Member States, particularly in the dairy and pigmeat sectors.

It is just a few weeks since the Commission proposed another significant set of measures to provide much-needed support for European farmers. I was pleased to have the opportunity to brief the members of the Agriculture and Rural Development Committee of this House immediately after that proposal was made.

Yesterday, I briefed the Council of Agriculture Ministers on the significant progress that has been made in implementing that package of measures.

In order to provide Members with the most up-to-date information on the implementation of the March package, I have written to the chair of COMAGRI with full details of the follow-up to the Council and I hope that information can be made widely available.

This morning, I would like to focus briefly on a number of the main measures that featured in the March package. I am pleased to confirm that, just yesterday, the Commission adopted three draft Regulations.

The first of these provides for a doubling of the intervention ceilings for skimmed milk powder and butter. It is now the responsibility of the Council to approve this proposal swiftly to minimise the period during which it is necessary to apply a tendering system. I want also to reassure you that the Commission is committed to run any tender responsibly and in a way that helps the market and doesn't depress prices.

In relation to the introduction of voluntary supply management in the dairy sector, the Commission is activating the provisions of Article 222 of the CMO Regulation. The implementing regulation allowing for agreements between recognised producer organisations, their associations and recognised interbranch organisations to plan milk production for a temporary period of six months and the delegated regulation extending the measure to cooperatives and other forms of milk producer organisations were also both adopted by the Commission yesterday.

The responsibility for their speedy implementation is now that of the co-legislators and I call on you to seize that responsibility with a view to ensuring that this measure is used as an effective contribution towards greater market balance in the dairy sector. In order to encourage use of this tool as an effective contribution to this crisis, I met two weeks ago with COPA-COGECA and the European Dairy Association (EDA) two weeks ago.

I also want to reassure the House that the Commission has and is continuing to make every effort to lift the protectionist ban imposed by Russia on pig products from the EU. Over recent months and in parallel with the WTO procedure, the Commission has made numerous efforts to convince Russia to engage in meaningful technical negotiations for an agreed solution at EU level. We also made clear that we are ready to examine any concrete proposal Russia submitted to the EU.

Commissioner Andriukaitis expressed the Commission's position on this matter during a meeting with the Russian Ambassador to the EU last month, and continues to pursue efforts towards the lifting of the ban.

Even though so far the Russian reaction has not been very positive, the dialogue remains open.

Over the past two years, the Commission has mobilised more than €1 billion in additional funding to support farmers, which complements the €56 billion which farmers received last year. As part of that and in response to a deteriorating situation last summer, you will recall that the Commission took swift and decisive action to provide a €500 million support package last September, including €420 million in direct targeted aid.

Despite the regrettable loss of the Russian market, the EU is continuing to trade very successfully. EU dairy and pigmeat exports increased by 11 per cent and 23 per cent, respectively, in January 2016, compared with last year. The increase in dairy exports reflected a significant improvement in import demand from China.

I have prioritised a diplomatic offensive aimed at identifying and building new market opportunities. I have just returned from Colombia and Mexico and tomorrow I leave for Kazakhstan, China and Japan. Following my visit to Mexico, we have received some very encouraging news in relation to pigmeat opportunities – the market is opening for fresh pigmeat and processed hams from Spain; we expect the go-ahead for fresh pigmeat from France; there are good prospects for fresh pigmeat from Germany, Romania and Italy and an audit is scheduled in May for Poland, after which I hope to see opportunities for fresh pigmeat.

Before passing judgement on the effectiveness of either the September package or the proposals I made last month, I would urge you to give those measures the opportunity to work. In particular, I would point to the fact that, at the end of February, only €162 million of the €420 million allocated to MS in September had been spent in 14 MS. Updated figures are due today.

Of course, I accept that MS have until the end of June to spend this money and I appreciate that some intend to use it to invest in structural change, something I welcome.

Last month the Council had the opportunity to exchange views with the Vice-President of the European Investment Bank with regard to the development by the EIB of particular financial instruments for the benefit of farmers and processors.

The Commission is prioritising its engagement with the EIB, with a view to developing appropriate financial instruments to assist farmers and processors to invest in their enterprises to improve the competitiveness of those enterprises or to invest in making any necessary structural adjustments.

Yesterday, Vice President Katainen told the Council of the opportunities offered by the European Fund for Strategic Investment for investment in the agricultural sector. Member States have been encouraged to look into the possibilities of setting up dedicated platforms for EFSI financing. It is essential that full use is made of all the opportunities on offer.

This crisis is both deeper and longer lasting than any of us had anticipated. We have legislative and budgetary constraints within which we must operate, including the market orientation of the CAP and the functioning of the internal market. Within those parameters,

I believe the Commission's response has been swift and robust. We have now essentially deployed all of the instruments available to us.

I believe that this package of measures, when taken with the full implementation of the September solidarity package, can have a material and positive impact on European agricultural markets.

I would ask for your support for the measures proposed, many of which are, as I have explained, well on their way to implementation. I believe that we should give them a chance to succeed and, like all of you, I look forward to a recovery in the market.

Thank you.