

EUROPEAN COMMISSION

Brussels, 22.08.2018  
C(2018) 5647 final

Dear Chair,

The Commission would like to thank the Houses of the Oireachtas for their Opinion on the proposal for a Council Regulation amending Regulation (EU) No 1370/2013 determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products, as regards the quantitative limitation for buying-in skimmed milk powder {COM(2017) 692 final}.

As rightfully indicated in the Opinion, the proposal was eventually adopted by the Council on 29 January 2018, resulting in Council Regulation (EU) 2018/147, which counted with the support of the majority of Member States.

The original proposal was adopted by the Commission at a time when close to 400,000 tonnes of skimmed milk powder were held in public stocks, as a result of the Commission action to support the dairy sector throughout the crisis of 2015-2016.

The dairy sector has been witnessing for more than one year an unprecedented disconnection between butter and skimmed milk powder prices. This asymmetry may result, as it has been the case in the first months of 2018, in a situation where prices for skimmed milk powder are at historically low levels but farm gate milk prices are still fairly high, as the product mix as a whole is remunerative enough (notably thanks to high prices for butter and cheese).

Mr Pat DEERING T.D.  
Chairman of the Joint Committee  
on Agriculture, Food and the Marine  
Houses of the Oireachtas  
Leinster House  
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cc. Mr Seán Ó FEARGHAÍL T.D.  
President of Dáil Éireann  
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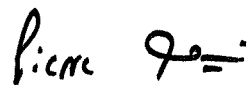
Senator Denis O'DONOVAN  
President of the Seanad Éireann  
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*In this scenario, having the possibility of buying-in skimmed milk powder at the fixed price determined by Council Regulation (EU) No 1370/2013 – which is well above current market prices – would have resulted in further piling up public stocks in a situation where there is no market justification for mobilising safety net instruments. Public intervention would have clearly drifted away from its objective of ensuring a fair standard of living for the agricultural community. The Commission would like to stress that public intervention is still available, as provided for by the legislator. However, this instrument is operated in 2018 through a tendering procedure where the Commission, with a vote at the Committee for the Common Organisation of the Agricultural Markets, decides on a case by case basis what volumes should be bought-in and at what buying-in price.*

*The Voluntary Milk Production Reduction Scheme, quoted in your Opinion, was implemented once, as an exceptional and tailored emergency measure in a situation where the dairy market was suffering from a large and prolonged supply-demand imbalance. While the use of such an instrument cannot be completely ruled out in the future, it should not lose its attributes of exceptionality and in no case would address the disparity between skimmed milk powder and butter prices.*

*The Commission hopes that these clarifications address the issues raised by the Houses of the Oireachtas and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*



*Pierre MOSCOVICI  
Member of the Commission*