



EUROPEAN PARLIAMENT

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*Committee on Budgetary Control*

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**2014/2146(INI)**

25.2.2015

## **OPINION**

of the Committee on Budgetary Control

for the Committee on Agriculture and Rural Development

on the prospects for the EU dairy sector – Review of the implementation of the Dairy Package  
(2014/2146(INI))

Draftsman: Petri Sarvamaa

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## SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- having regard to the report of the Commission to the European Parliament and the Council on the development of the dairy market situation and the operation of the ‘Milk Package’ provisions (COM(2014)0354) (hereinafter ‘the report’),
  - 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<sup>1</sup>, and in particular to Article 225(b) of that regulation,
  - having regard to the report of the Commission of December 2014 on the ‘Prospects for the EU agricultural markets and income 2014-2024’,
1. Points out that the Commission’s report was published before the Russian embargo was imposed and is therefore not an accurate reflection of the situation in the milk sector;
  2. Stresses that the price volatility issue is the main challenge faced by milk farmers;
  3. Notes in this regard that the recent Russian embargo on agricultural products has dramatically demonstrated that the regulatory framework for dealing with episodes of extreme market volatility should be reinforced;
  4. Notes that the price evolution does not seem to be homogeneous across Member States and that the evolution of milk prices in real terms and its causes could have been more strongly highlighted in the report;
  5. Recommends that, in order to prevent further market instability, previous decisions on milk quotas should be maintained and the milk quota system should not be adjusted during the final year of the system;
  6. Recalls that Regulation (EU) No 1308/2013 provides that ‘in order to ensure the viable development of production and a resulting fair standard of living for dairy farmers, their bargaining power vis-à-vis processors should be strengthened, which should result in a fairer distribution of added value along the supply chain’;
  7. Regrets the fact that it is not clear from the report whether the Commission is satisfied with the implementation of the new regulatory tool and that the Commission does not quantify how many new producer organisations, participating Member States or collective negotiations are expected; notes that the effect of the new tools on milk prices is not clear either; calls in this connection for a precise list of the effects on milk prices and an accurate record of participating producer organisations;

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<sup>1</sup> OJ L 347, 20.12.2013, p. 671.

8. Calls on the Commission to carry out, by the end of 2015, a Member State by Member State assessment of the impact of collective agreements on production and prices;
9. Recommends that the Commission adopt clear objectives as regards producer organisations, contracts and collective negotiations;
10. Stresses that without a clear review of the role of the producer and interbranch organisations and the expected impact of the new regulatory tool on milk prices, the adaptation of the Milk Package tool is not possible;
11. Looks favourably upon the setting up of a Milk Market Observatory, but emphasises that there should be a clear price and volume information tool that is useful to farmers; takes the view that the Observatory's role should be to help the Commission analyse the milk market in this new context, to provide more accurate market data and information on market trends and to highlight any risk of market imbalances, with the Commission then taking the necessary decisions;
12. Stresses that more efficient use should be made of this Observatory by setting crisis levels in line with indicators laid down for the whole of the European Union, which would enable preventive and early warning mechanisms to be applied;
13. Notes, that according to the Commission, 'Member States did not report a significant effect of the Milk Package on the milk sector in disadvantaged regions notably because the provisions have been implemented only recently [...] and 'the situations and developments [...] are quite heterogeneous and would require a targeted approach';
14. Recommends that the support coupled to milk production and support related to milk production in disadvantaged regions should be developed and maintained within a long-term strategic approach;
15. Recommends that the legal framework for less favoured areas should be reinforced;
16. Stresses that the evolution of the market situation and the effectiveness of the instruments should be evaluated after the milk quota system has come to an end; a follow-up report should be available within two years of the end of the quota system, in 2017.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	24.2.2015
<b>Result of final vote</b>	+: 26 -: 0 0: 1
<b>Members present for the final vote</b>	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Jens Geier, Ingeborg Gräßle, Rina Ronja Kari, Verónica Lope Fontagné, Fulvio Martusciello, Dan Nica, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Karin Kadenbach, Marian-Jean Marinescu, Julia Pitera, Patricija Šulin
<b>Substitutes under Rule 200(2) present for the final vote</b>	Judith Sargentini