News Details

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EP vote on the Common Market Organisation of the Common Agricultural Policy (CAP)

European dairy farmers welcome the adoption of new crisis instruments as a first step

(Brussels, 26/10/2020) "The vote on the Common Market Organisation in the European Parliament showed that many MEPs are aware that the EU agricultural sector needs effective crisis instruments," says EMB President Sieta van Keimpema from the Netherlands, summarising the opinion of the European dairy farmers' association about the European Parliament's partial decision specifically on the Common Market Organisation (CMO) within the CAP. The CMO defines among others the relationships between market stakeholders as well as measures to be taken in the event of crises. Late last week, MEPs voted on the European Parliament's position on the CAP reform, which will be used as a basis for trilogues with the European Commission and the Council of the European Union due to begin shortly.

The new Article 219a (from amendment 149), which envisages voluntary production cuts during crises, is part of the CMO position. "Coupled with the adoption of Article 219b (from amendment 150) that foresees possible production caps during the implementation of reduction programmes, the CMO might soon have an instrument that could present an effective response to chronic crises," says EMB Vice-President Kjartan Poulsen from Denmark. At the same time, however, it is regrettable that compulsory production reduction (in amendment 277), which would be necessary to deal with far-reaching, long-lasting crises, was rejected. "The very close vote on this amendment, nonetheless, confirms that a large number of MEPs are fully aware that the instrument of temporary compulsory volume reduction is also an urgent need," explains Sieta van Keimpema. "We would like to thank these MEPs, who are clearly familiar with the dynamics of crises and the need for effective reactions."

The dairy farmers are also happy to see that the adoption of Article 218b (amendment 147) will lead to the implementation of an early-warning mechanism in the CMO. In this context, however, the EMB has indicated that a crisis situation still needs to be properly defined so that appropriate instruments are actually activated in a timely fashion.

An overview of the evaluation of dairy farmers about other articles of the CMO reform

- With respect to intervention as an instrument, the adoption of amendment 232 is a significant step forward in increased transparency.
- The newly-inserted Article 172a (amendment 244) of the CMO takes on board value-sharing-clauses and a consideration of production costs. Even if it is not binding, it shows that these key issues have gained the recognition they deserve among MEPs.
- Dairy farmers are well aware that market disturbances in the EU agricultural sector are a regular occurrence. With the establishment of a monitoring and management system for these disturbances (Article 222a from amendment 248), it will now be possible to deal with future crises in a more effective manner.
- In terms of contractual relationships in the dairy sector (Article 148), it is good to see that the European Parliament reiterates the need for prices in contracts to be fixed on the basis of production costs. However, as it is still left up to Member States to decide whether they wish to make the use of contracts compulsory, no significant improvements for the EU dairy sector as a whole can be expected in this regard.
- Dairy farmers regret the rejection of amendment 270: The proposed increase of EU milk pooling limits in Article 149 from 3.5% to 7.5% would have been an important positive development for producer organisations. It would have allowed farmers to negotiate on an equal footing with processors, who are not subject to the low pooling limit that currently restricts producers.
- On the other hand, dairy farmers are happy to see that MEPs repeatedly mention the goal of sustainable income in their positions (amendment 3 for Recital 2 and amendment 47 for Article 1a); that imports cannot undermine EU standards (amendment 138 with respect to Article 188a) and that an observatory should be set up for the EU agricultural sector as a whole (amendment 146 for Article 218a).

MEPs have made significant strides in their position specifically on the Common Market Organisation – even if the key instrument of temporary compulsory volume reduction during crises was rejected by a small margin and the pooling limit was not increased to 7.5%. It is, therefore, even more important that the improvements that the European Parliament has

agreed on must be anchored in the final CMO in their entirety and should not be watered down by the other two Institutions in the upcoming trilogues. “We call on the Council and the Commission to agree to these essential changes that shall be brought to the negotiating table by the European Parliament – the elected representatives of EU citizens. Fulfil your role as EU Institutions and bring about a real reform that will equip the EU agricultural sector in the CMO with appropriate crisis instruments,” appeals EMB President Sieta van Keimpema.

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