


# Procedure file

Basic information		
CNS - Consultation procedure Regulation	1998/0111(CNS)	Procedure completed
Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)		
Subject 3.10.05.02 Milk and dairy products 8.20.12 Enlargement's agricultural point of view		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>AGRI</b> Agriculture and Rural Development		08/07/1997
		PPE <a href="#">GOEPEL Lutz</a>	
	Former committee for opinion		
	<b>BUDG</b> Budgets		03/06/1998
		GUE/NGL <a href="#">MIRANDA Joaquim</a>	
	<b>CONT</b> Budgetary Control	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Agriculture and Fisheries</a>	<a href="#">2178</a>	17/05/1999

Key events			
18/03/1998	Legislative proposal published	COM(1998)0158	Summary
15/06/1998	Committee referral announced in Parliament		
15/06/1998	Report referred back to committee		
24/11/1998	Vote in committee		Summary
24/11/1998	Committee report tabled for plenary, 1st reading/single reading	<a href="#">A4-0446/1998</a>	
13/01/1999	Debate in Parliament		
28/01/1999	Decision by Parliament	T4-0048/1999	Summary
20/04/1999	Vote in committee		Summary
20/04/1999	Committee report tabled for plenary, 1st	<a href="#">A4-0232/1999</a>	

	reading/single reading		
05/05/1999	Debate in Parliament		
06/05/1999	Decision by Parliament	T4-0443/1999	Summary
17/05/1999	Act adopted by Council after consultation of Parliament		
17/05/1999	End of procedure in Parliament		
26/06/1999	Final act published in Official Journal		

### Technical information

Procedure reference	1998/0111(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 037
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/4/10132; AGRI/4/10757

### Documentation gateway

Legislative proposal		COM(1998)0158	18/03/1998	EC	Summary
Document attached to the procedure		COM(1998)0182	18/03/1998	EC	
Economic and Social Committee: opinion, report		<a href="#">CES1152/1998</a> <a href="#">OJ C 407 28.12.1998, p. 0203</a>	09/09/1998	ESC	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0446/1998</a> <a href="#">OJ C 098 09.04.1999, p. 0004</a>	24/11/1998	EP	
Committee of the Regions: opinion		<a href="#">CDR0273/1998</a> <a href="#">OJ C 093 06.04.1999, p. 0001</a>	14/01/1999	CofR	
Text adopted by Parliament, partial vote at 1st reading/single reading		T4-0048/1999 <a href="#">OJ C 128 07.05.1999, p. 0011-0053</a>	28/01/1999	EP	Summary
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A4-0232/1999</a> <a href="#">OJ C 279 01.10.1999, p. 0007</a>	20/04/1999	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0443/1999 <a href="#">OJ C 279 01.10.1999, p. 0256-0382</a>	06/05/1999	EP	Summary
Follow-up document		SEC(2002)0789	10/07/2002	EC	Summary

### Additional information

European Commission	<a href="#">EUR-Lex</a>
---------------------	-------------------------

### Final act

<a href="#">Regulation 1999/1256</a> <a href="#">OJ L 160 26.06.1999, p. 0073</a> Summary
--

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

OBJECTIVE: the proposed regulation forms part of the group of proposals on the reform of the common agricultural policy and translates the guidelines of Agenda 2000 in the milk and milk products sector (milk quotas). SUBSTANCE: Regulation 3950/92/EEC establishing an additional levy in the milk and milk products sector remains necessary in a mid-term perspective in order to maintain a reasonable market balance. It is therefore proposed to continue to apply the scheme for six further consecutive years from 1 April 2000. The main elements of the proposal are as follows: - The effects of the price support reduction on internal consumption and export of milk and milk products justify a 2% increase in the total reference quantity for milk in the Community. This increase will be applied in four steps in line with the price reductions. The additional reference quantities should be distributed in such a way as to improve the situation of certain categories of farmers who need particular support (priority to young farmers and producers in mountain areas). Measures are therefore envisaged to prevent the distribution criteria from being circumvented. - in order to strengthen the reference quantities' character as a means of regulating the market of milk and milk products, provision is made that in cases of non-permanent transfers a certain part of the relevant reference quantities be returned to the national reserve for re-distribution to active producers (the Member States will have the possibility of derogating from this redistribution clause in certain cases). Moreover, where reference quantities fall back to persons who did not actively produce milk or milk products during a given reference period, Member States should have the possibility to provide that the relevant reference quantities should revert to the national reserve unless they are permanently transferred to an active producer within a certain period. ?

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

The Committee has rejected the Commission proposal for an overhaul of the common organisation of the market (COM) in milk and dairy products. It also rejected the first part of the report by Lutz GOEPEL (EPP, D) on this topic. It has therefore not agreed a position on this COM, owing to divergent views among the political groups, mainly concerning whether or not prices and premium levels should be reduced. As a result, the House will have to take a decision on the basis of amendments to be submitted by the groups to the Commission's original proposal. ?

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

The Parliament's opinion, drafted by Mr. Lutz GOEPEL (D, PPE), was not adopted. The matter was then referred back to the committee pursuant to Rule 60 (2). ?

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

The Committee has adopted a position broadly endorsing the package of Agenda 2000 farm reforms, in the light of the deal struck at the Berlin Summit and with certain reservations. Although the committee, chaired by Juan Luis COLINO SALAMANCA (PES, E), is not entirely happy with the Berlin agreement, it finds it more acceptable than the original, more drastic, Commission proposals and does not want to hold up the CAP reforms. "In many areas my Group is not satisfied ... but we cannot open up Pandora's Box again", said German Socialist Klaus REHDER, echoed by Livio FILIPI (EPP, I) who said: "We must be realistic. We have done what we can. Public opinion thinks the results are the best that can be obtained." The MEPs' main reservations are set out in a dozen compromise amendments adopted at the committee's last meeting before the European elections. These amendments reflect compromises hammered out with the Commission and Council and will be tabled in plenary next month, as the committee's "last word", replacing the amendments on those points adopted in plenary in November and January. In the dairy sector, which will not now be reformed until 2005/6, Lutz GOEPEL (EPP, D) presses the Commission to review the current arrangements in 2002 and produce proposals as soon as possible for replacing milk quotas after 2006. He also wants a flexible super levy. MEPs will debate the entire package of Agenda 2000 reforms. The farm legislation will probably be passed by the Agriculture Council. Although, under the consultation procedure, the content of the EP's formal opinions on the CAP reforms is not legally binding, the proposals cannot become law without them. They will also be an important political statement and will provide a basis for the work of the new parliament which will be faced with the next round of discussions on CAP financing. After Parliament postponed delivering its formal opinions on the CAP proposals in November and January because the Commission could not accept its amendments, the EP held a series of informal 'conciliation' talks with the Council, in which it was able to bring some pressure to bear, resulting in the Council accepting many of Parliament's demands.

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

In the light of the agreement reached on Agenda 2000 at the Berlin Summit in March and under consultation procedure, the European Parliament adopted the second report by Lutz Goepel (PPE, DE), which approves the Commission proposal for a Council regulation amending regulation 3950/92/EEC establishing an additional levy in the milk and milk products sector, subject to the amendments adopted by the Parliament on 28/01/99 and one other new amendment which sets the levy at 115% of the target price for milk. This amendment further allows the Council, on a proposal from the Commission and after consulting the European Parliament, to modify, in the light of the market situation, the amount of the levy with effect from the 2003/2004 milk year at the beginning of the corresponding 12 month period (1st April). ?

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

PURPOSE: on the basis of the Agenda 2000 guidelines on the reform of the common agricultural policy (CAP), this Regulation extends the milk quota system introduced by Regulation 3950/92/EEC and increases the scope for decentralised administration by giving Member States the right to implement certain provisions, in particular concerning the transfer of quotas. COMMUNITY MEASURE: Council Regulation 1256/1999/EC amending Regulation 3950/92/EEC establishing an additional levy in the milk and milk products sector. CONTENT: Under the

new Regulation, all quotas will be increased by 1.5% in three steps starting in 2005, supplemented by specific increases in five Member States, i.e. Greece, Spain, Ireland, Italy and the UK (Northern Ireland) who will receive this specific increase in two steps starting in 2000. The future of the regime will be reviewed in 2003 with the aim of allowing the present quota arrangements to run out after 2006. The total quantities of quotas may be revised in the light of the market situation in general and the conditions prevailing in certain Member States in particular. The levy, which is set at 115% of the indicative price of milk, is chargeable on all quantities of milk marketed in excess of the reference quantities determined by the Council for a given 12-month period. It is divided among the producers who have contributed to the over-run. In the interests of completing the restructuring of milk production or improving the environment, Member States may: - grant compensation to producers who undertake to abandon definitively all or part of their milk production and place the reference quantities thus released in the national reserve; - determine the conditions under which producers may obtain reference quantities that have been released definitively; - in the case of land transferred with a view to improving the environment, provide for the reference quantity available on the holding concerned to be allocated to the departing producer if he intends continuing milk production; - determine the regions or collection areas within which the definitive transfer of reference quantities without transfer of the corresponding land is authorised, with the aim of improving the structure of milk production; - upon application by a producer to the competent authority or the body designated by that authority, authorise the definitive transfer of reference quantities without transfer of the corresponding land, or vice versa, with the aim of improving the structure of milk production.

ENTRY INTO FORCE: 26/06/1999. The Regulation applies from 01/01/2000.?

## Agenda 2000: milk and milk products, additional levy (amend. regul. 3950/92/EEC)

---

This report aims to provide a basis for that mid-term review of the milk sector. It begins with a brief summary of the current situation of the EC milk market and the instruments, which form the common market organisation for milk. The milk quota regime is evaluated and difficulties that have arisen with time are discussed. The prospects for the EC milk sector, under the arrangements adopted under Agenda 2000, are then appraised. The report moves on to explore the possibilities for the future of the EC milk market under four different scenarios. The first option takes a look at how the market would develop under a simple extension of the Agenda 2000 status quo. The next two options, namely a two-tier quota system or a continuation and deepening of the approach taken under Agenda 2000, examine how the market might react to a further easing up of the current quota arrangements, without passing to their complete removal. Finally, the market prospects under a scenario free from quotas are presented and assessed. This report demonstrates that, under the plausible projection that EC consumption will continue to increase for market-leading products (e.g. cheese and fresh dairy products) and decrease for bulk commodities (e.g. SMP and butter) for the foreseeable future, the prospects for the EC milk sector under Agenda 2000 are generally positive until 2008, in terms of market balance, producer price levels, producer revenue, and meeting possible future WTO commitments. However, under the status quo, due to the increasing shortfall in milk supplies on the internal market under fixed quotas, domestic consumption rises at a slower rate, than it would with lower prices and increased supply, and market opportunities are clearly lost. Under current quotas, while decreased export of bulk commodities may not be too detrimental to the EC dairy market, the substantial reduction of EC exports of high value products to emerging world markets is a serious loss to the EC milk economy. Throwing away an EC export capability in high value dairy products is an outcome, which may be avoided under a more competitive milk regime in the future. Three options looking at increasing EC competitiveness through successive increases in quota relaxation and price reduction (extending the Agenda 2000 approach, the two-tier quota system and the complete lifting of quotas) have therefore been examined. The pros and cons of each option in terms of market developments and milk sector revenue have been presented. Choosing the right path for the future of the EC milk sector ultimately depends on the weighing up these advantages and disadvantages against the need for a workable and sustainable EC dairy policy and, in particular, one which is coherent with the objective of Article 33 of the Treaty, with the European Model for Agriculture and with outcomes of the ongoing Enlargement process. It is therefore the Commission's hope that, with all the necessary elements in hand, the current report will provide a starting-point for a comprehensive mid-term review of the EC dairy sector.?