



POSITION PAPER

EDA'S POSITION ON HIGH LEVEL EXPERT GROUP ON MILK RECOMMENDATIONS

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The High Level Expert Group on milk (HLEG) has now finalised its report and presented its recommendations for the future of the dairy sector. Along the process, EDA has aimed at providing regular and constructive input for the discussions. EDA's contribution was based on its vision for the future of the EU dairy sector: a market-oriented, competitive sector which adds value to raw milk to meet domestic EU demand and the growing global demand for dairy products, and which ensures at the same time economic viability for all partners in the chain. In that context, EDA would have liked to see the HLEG develop a broader reflection on the competitiveness of the whole sector, beyond the discussions on bargaining power at the first step of the chain. A key priority of any dairy policy should be to encourage the creation of value through the whole chain and the development of markets for dairy products.

CONTRACTUAL RELATIONS

EDA believes that guidelines for contracts could be useful and welcomes the fact that the HLEG recommends that their use should be encouraged on a voluntary basis. The acknowledgement of the specificity of dairy cooperatives is also appreciated.

EDA is however concerned about the possibility for Member States to make the use of contracts compulsory. EDA is very skeptical that compulsory contracts would help operators "take into account the signals of the market and adapt supply to demand", as is asserted in the HLEG report.

BARGAINING POWER

Cooperation between milk producers is broadly present in the dairy sector. Dairy cooperatives represent today 60% of the milk processed in the EU. The existing regulatory framework provides adequate possibility for cooperation in different forms and therefore EDA does not see any reason to modify the existing rules. The Commission should make sure that any measure taken does not undermine the integrity of producer coops or discriminate against private dairies.

In that context, EDA shares the concerns of the 5 delegations which opposed the HLEG recommendation on bargaining power. Producer organisations that only act as selling agents (as opposed to organizations taking full ownership of the product) should not be granted a block exemption from competition rules.

INTERPROFESSIONAL/ INTERBRANCH ORGANIZATIONS (IPOS)

EDA is of the view that the current provisions for IPOs in the fruit and vegetable sector would not be appropriate for the dairy sector, which already has established comprehensive processing and supply chains to bring primary dairy products to market. If the Commission is to support strengthening opportunities for the creation of IPOs, then it is of crucial importance that they are not allowed to operate contrary to existing competition rules, in particular those pertaining to exclusive delivery-rights or market sharing arrangements.

TRANSPARENCY

EDA welcomes the proposal to improve information on the production of milk and milk products which could help better adjust supply to demand. It is important to note however that enhancing food price transparency (through the European Food Price Monitoring Tool) will likely increase pressure on the chain, and as a result on producer prices.

MARKET MEASURES AND FUTURES

EDA shares the views of the HLEG as regards to the valid role of a safety net and welcomes its call to explore instruments aiming at reducing volatility. However EDA suggests that the possibility to dispose of intervention stocks in a strategic way so as to limit price peaks should be investigated in more details. EDA also welcomes the approach of the HLEG as regards futures market and shares the view that they should be seen as a complementary tool.

INFORMATION ON MARKETS AND PRODUCTS: QUALITY AND LABELLING ISSUES

EDA appreciates the HLEG's strong support for the protection of designated terms. Nevertheless the HLEG does not consider the legislative context for new products, as e.g. the current approach to Claims that gives a competitive advantage to food processors manufacturing substitutes for dairy products.

EDA does not see any need for additional labelling requirements on origin. For any dairy product, for either for place of manufacture / country of origin or place of farming / ingredients, this would undermine the internal market and hinder free trade. It would also cause severe difficulties when processing milk and be a burden to the sector, the administration and impact consumer prices.

INNOVATION & RESEARCH WITH A VIEW TO RENDER THE SECTOR MORE COMPETITIVE

EDA welcomes the support of innovation's importance for the future of the industry and its place in the CAP after 2013. The communication on current possibilities is positive, but should also include the role of innovation for the industry and its link to the consumer. To really improve innovation more funds should be made available.

For EDA research and innovation should be focussed on new product development and dealing with certain animal diseases, minimising environmental impacts, exploiting by-products and improving efficiency. The HLEG does not consider an improvement of coordination of research activities or a stable and supporting legislative environment for the use of new technologies and products, e.g. via Claims.

ABOUT THE EUROPEAN DAIRY ASSOCIATION

The European Dairy Association represents the interests of dairy processors, both co-op and private, in the European Union. The membership of the EDA consists of the national trade associations for dairy processors in each EU Member State.

FOR MORE INFORMATION

DR. JOOP KLEIBEUKER
EUROPEAN DAIRY ASSOCIATION
+32 2 549 50 43
+32 475 70 77 74
jkleibeuker@euromilk.org