

PRESS INFORMATION



European Dairy Association positive but prudent with regards to announced commission measures to help the dairy sector

Brussels, 21 January 2009

The European Dairy Association (EDA) appreciates the European Commission's initiative for reactivating now a set of measures to support the dairy sector. EDA reacts herewith on the announcements made by Commissioner Mariann Fischer Boel in a recent press release. The announced measures will be introduced following the recent slump in prices for milk and dairy products. Although the EDA appreciates the Commission's reaction, it emits some reservations on the impact and the timing of the measures foreseen.

ANNOUNCED MEASURES

In a press release, dated 15 January 2009, Commissioner Mariann Fischer Boel pledges for introducing some of the measures already in the course of this month. Other measures will be effective later this year.

The concrete measures, aimed primarily at supporting the dairy sector in the current difficult market situation, are – in the first instance – the reactivation of export refunds for butter, cheese and whole and skimmed milk powder (SMP). While intervention buying for butter and SMP is due to start in March, the Commission is ready to buy, if necessary, more than the pre-determined quantities through regular tenders. At the end of 2008, the Commission activated private storage for butter with effect from 1 January 2009; this represented already an introduction of private storage earlier than it is usually the case.

With the announcement of these measures, the Commission states that it clearly sends a signal to the dairy industry highlighting its intention to make full use of all the available instruments to support the market whenever this is necessary.

Joop Kleibeuker, Secretary-General of the EDA, comments on these announcements: *'Following the unprecedented price rise for milk and dairy in 2007 and the beginning of 2008, the situation in our market is completely reversed today. We are confronted with increased supplies especially on the world market and reduced demand on both our internal and the world market, which resulted drastically in lower prices for milk and other dairy products. The situation on the dairy market is critical. We therefore appreciate the fact that Commissioner Fischer Boel reacts on this difficult situation with a number of measures. We however remain realistic and believe that the impact on the market will depend fully on the levels of these different measures. While we appreciate these efforts, we are not certain if all foreseen measures, especially the export refunds re-activation, are necessarily the right ones to put in place now.'*



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INTERVENTION

In respect to the arrangements for intervention, Mr. Kleibeuker states *'that the EDA received those very positively. The EDA however expects that the determined ceilings – 30.000 tonnes for butter and 109.000 tonnes for SMP – will be reached quickly. Therefore it is our opinion that the tendered price should be kept as close as possible to the intervention support price until it is clear that the market has stabilised. A downward trend in tendered prices would encourage customers to hold off which would make the Commission's intervention without any impact. The EDA underlines also that the timing of sales out of intervention is critical: for instance sales of butter should in no case interfere with private storage aid schemes for butter.'*

EXPORT REFUNDS

In EDA's view, the announced measures on export refunds must above all be effective. The opening rate needs to send the right signal to the industry's customers. *'This is crucial'*, according to Mr. Kleibeuker, *'because this first signal must clearly reflect the Commission's intention to set at once the refund at the level needed, giving the market clear directions on prices.'*

ABOUT THE EUROPEAN DAIRY ASSOCIATION

The European Dairy Association represents the interests of dairy processors 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

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