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# EDA Dairy Supply Chain Seminar urges for a profitable dairy sector that brings added value to all actors in the supply chain

On 3 February 2010, the European Dairy Association (EDA) organised the seminar “The Dairy Supply Chain Revisited” and invited speakers from different stages in the dairy supply chain to have an open and constructive debate on coping with increased price volatility in a less regulated environment and on the ways to move forward. All actors agreed that the changing global environment poses new challenges and opportunities that will require some adaptation to, but that they should strive for a profitable dairy industry that brings added value to all partners in the dairy supply chain. The EDA definitely sees a role for the European Union in helping to bring this about.

### Brussels, 4 February 2010

*Yesterday, the European Dairy Association (EDA) organised the seminar “The Dairy Supply Chain Revisited”. As the events of 2009 have shown, price volatility in the dairy sector is a challenge for all partners in the supply chain. Through this seminar, the EDA wanted to look at market mechanisms in the dairy sector from different angles, discuss best practices from EU and third countries and finally engage in an open and constructive debate on how to move forward.*

### Perspectives from the different stages in the dairy supply chain

Various speakers from different stages in the dairy supply chain presented yesterday from their own perspective how they work, how they cope with the current extreme price volatility and how they feel the dairy sector can move forward in a balanced way for all actors involved. The seminar started with the testimony of Hillar Pulk from Estonia, who spoke about the challenges for an entrepreneurial dairy farmer. He was followed by Daniel Morrissey, from Abbott Global Nutrition, who, as a food producer, presented the market processes in the dairy ingredients market. Paul Campbell from Fonterra Co-operative Group gave us insights in a deregulated market via the example of New Zealand and Ake Hantoft, from Arla, discussed the structure in a co-operative dairy. Finally, Susanne Nüssel, the representative of the Verband der Bayerischen Privaten Milchwirtschaft, enlightened contractual relations between milk producers and dairies. The seminar attracted 180 participants and was attended by representatives from the EU institutions and ministries of Member States, members of the High Level Experts' group on milk, relevant European associations and other stakeholders. After the presentations, the speakers and audience engaged in a lively discussion.

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## How to move forward, and how the EU can play a role

All actors agreed that the extreme extent of price volatility we are experiencing today is not desirable. The ideas presented were various and need to be discussed further, but the common denominator in them was the call for a combination of public market management tools and private risk management instruments. The European Union, as all agreed, definitely could play a role in this. Joop Kleibeuker, Secretary General of the European Dairy Association, clarifies: "Price is a message from the market; therefore price volatility belongs to the market and is necessary. But extreme price volatility, such as we are witnessing today, is destructive. The European Union could help to ensure that these extremes are taken out by market management tools as intervention and strategic stock management."

## Changing global environment calls for an adapted dairy sector

Werner Buck, President of the European Dairy Association, concludes: "What we have heard today is a broad diversity of situations, but in this diversity, all actors in the dairy supply chain are facing new opportunities and new challenges. One of those new challenges is the extreme and undesirable extent of price volatility we have seen since 2007. To this we all have to learn to adapt, and while this process has already started, it will also take time to complete. I am convinced that in order to ensure a long-term presence of the dairy sector, the industry has to be profitable and has to bring added value to farmers, customers and all other actors in the dairy supply chain."

The presentations from all speakers can be consulted through the EDA website, [www.euromilk.org](http://www.euromilk.org).

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### 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.

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### FOR MORE INFORMATION

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