

PRESS INFORMATION



High Level Expert Group on milk Recommendations: the European Dairy Association calls for development of broader reflection on competitiveness of EU dairy sector

Brussels, 16 June 2010 – Commenting on the High Level Expert Group on milk's (HLEG) recommendations for the future of the dairy sector, the European Dairy Association (EDA) regrets that the HLEG has not developed a broader reflection on the competitiveness of the whole dairy sector, believing that the key objective of any dairy policy should remain the creation of value throughout the whole chain and the development of markets for dairy products.

EDA welcomes a number of recommendations of the HLEG, in particular with regards to market management and innovation, but regrets that the experts have not undertaken a broader reflection on the competitiveness of the whole sector and further explored instruments to tackle new challenges such as extreme price volatility.

Specifically, EDA would like to clarify the dairy industry's position on the following recommendations:

- **Innovation & research with a view to render the sector more competitive**

EDA welcomes the support for innovation as an important drive for the future of the dairy industry. The communication on current possibilities however should also include the role of innovation for the industry and its link to the consumer. For EDA, research and innovation should be focused on new product development, exploiting by-products and improving efficiency, and minimising environmental impacts.

- **Information on markets and products: quality and labelling issues**

EDA appreciates the HLEG's strong support for the protection of designated terms such as for example "milk" and "cheese". Nevertheless the HLEG does not consider the consequences of the new Claims and Labelling legislation which gives a competitive advantage to food processors manufacturing substitutes for dairy products. EDA does not see any need for additional labelling requirements on origin, since this would undermine the internal market and make free trade difficult.



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- **Bargaining power:**

Cooperation between milk producers is already broadly present in the dairy sector. 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. It warns that producer organisations that only act as selling agents should not be granted a block exemption from competition rules.

- **Market measures and futures**

EDA shares the views of the HLEG with regards to the valid role of a safety net and welcomes its call to explore instruments aiming at reducing volatility. 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 detail, as extreme price volatility is detrimental to all actors in the chain.

- **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. EDA however cannot accept the possibility for Member States to make the use of contracts compulsory, which would constitute a move towards renationalisation of the dairy policy

EDA has aimed at providing a regular and constructive input for the work of the HLEG, based on the industry's vision for the future of the EU dairy sector. *“EDA strives towards a market-oriented, competitive sector which adds value to raw milk to meet domestic EU demand and also growing global demand for dairy products. At the same time this approach should ensure economic viability for all partners in the dairy chain. We therefore urge the Commission to further think of the possibilities to enhance and develop a competitive dairy sector in the future by addressing extreme price volatility and promoting the creation of value throughout the whole chain”* concludes Werner Buck, President of EDA

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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