



EUROPEAN DAIRY ASSOCIATION
ASSOCIATION LAITIÈRE EUROPÉENNE
EUROPÄISCHER MILCHINDUSTRIEVERBAND

PRESS RELEASE

European Dairy Association (EDA) gives a presentation to the European Parliament highlighting policy and legislation developments of major importance for the future of the European dairy production chain.

Brussels, 12 April 2007 – Yesterday, the European Dairy Association (EDA) had the opportunity to exchange views with the Committee on Agriculture and Rural Development of the European Parliament in Brussels. EDA's Vice President Laurent Gallois-Montbrun highlighted a series of current items relevant for the future of the European dairy production chain.

Current market situation

Mr Gallois-Montbrun started his intervention commenting the current market situation. He mentioned the steady improvement of the world market for dairy products during the last two years, this as a result of the increased demand and the limited production growth. In the EU this improvement was accompanied by better prices for some commodity products. EDA doubts whether this development is sustainable, since the world dairy market is cyclical with significant price variations as a consequence. This cyclical nature of dairy must be taken into account with any new policy or legislation development in the EU.

EU Common Agricultural Policy (CAP) developments

Due to the reasonably good market situation, measures foreseen by the CAP mid-term review*, have been translated in significant reductions of support levels for the EU dairy sector, eg. export refunds at zero for SMP and WMP, reduced with 50-60% for butter and cheese. Although this indicates that the 2003 CAP Reform can be considered as being successful on the whole, EDA believes this success is partly due to the positive market developments.

With the mid-term review of the CAP reform, the so called Health Check, many aspects of the dairy Common Market Organisation are under discussion: What should be the future of the quota system after 2015? If no quota system left after 2015, how will a gradual transition take place? Can the EU continue with export support, given the general opposition to it?, etc.

* Lowering intervention prices, ceilings for intervention amounts, introduction of decoupled direct payments, etc.

These questions are priorities on the agenda of the Commissioner Fischer Boel and the European Dairy Association. The decisions with regards to these questions, will have a major impact on the future development of the dairy production chain.

EDA stresses upon the necessity of a fully transparent, integrated approach when moving forward with the Health Check of the CAP and the adoption of a renewed policy environment. In order to keep the EU dairy market in balance and competitive on a worldwide level, early information on decisions about major changes is of vital importance. EDA and its members want to be involved and need to be kept informed on any foreseen changes in milk quota, support schemes, direct income support to farmers and other relevant aspects, in order to anticipate and adapt to the new market situation.

WTO Negotiations

EDA is pleased that WTO-activity has been picked up again. Its position in the WTO-debate remains unchanged: EDA is in favour of a multilateral approach to trade liberalization as it ensures that issues of domestic and export support are addressed in a balanced way along with import tariffs. EDA aims at a flexible mechanism for the agreed elimination of export subsidies (without volume restrictions), and at an agreement on market access allowing the EU dairy industry to export to third countries, and maintaining the EU internal market for dairy products.

Dairy Mini Package

Mr Gallois-Montbrun's last agenda point concerns the Dairy Mini Package. EDA strongly supports the simplification of regulations, as long it is aimed at making life simpler for European citizens and economical operators.

EDA is pleased that there is, after 10 years of debate, a proposal for protein standardisation, as part of the so called Dairy Mini Package.

In this context:

- EDA informs the Commission that it supports the proposal for protein standardisation;
- EDA supports the proposals in connection with the CMO for milk and dairy products, with the exception of the repeal of the private storage scheme for SMP;
- EDA supports the Commission's proposal on school milk;
- EDA informs the Commission that the majority of its members supports the proposal on fat content of consumption milk, but a series of more technical questions still need to be solved;
- EDA requests the European Parliament for a simplified procedure allowing the Dairy Mini Package to be adopted by the Council before July 2007.

Mr Gallois-Montbrun ends his intervention by mentioning other issues on which EDA is working now, such as the Swiss regulation on the use of the denomination 'Emmenthal', the reform of the preferential Rules of Origin and the systems of Proof of Arrival, the broad range of items of health and nutrition, hygiene and food safety, and the various bilateral trade agreements.

About EDA

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:

Chris Decroix
Peak PR
+32 2 454 55 55
chris.decroix@peakpr.be

Dr. Joop Kleibeuker
European Dairy Association
+32 2 549 50 41
jkleibeuker@euromilk.org