



EUROPEAN DAIRY ASSOCIATION
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PRESS RELEASE

European Dairy Association (EDA) gives a presentation to the European Parliament highlighting future opportunities and threats for the European dairy industry

Brussels, 1 June 2006 – *On Tuesday May 30th 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-President Veijo Meriläinen highlighted a series of current items relevant for the European dairy industry in the light of the ongoing WTO-negotiations.*

Importance of the dairy industry

Mr Meriläinen started his intervention focusing on the importance of the dairy production chain for the future developments in Europe. He mentioned its strong contribution to the development in rural areas, its supply of healthy products and its role in economic developments by both continuous innovation of the marketed products and by contributing to the employment in the EU.

The high importance of the dairy sector makes that various policy developments interfere with sector developments: some are opportunities, some are threats.

Opportunities and threats for the European dairy industry

WTO Doha-round negotiations

For EDA, an agreement in the WTO negotiations is vital. It is the only way to achieve increased market access in compensation for the reduced internal and export support as a result of the CAP-reform of 2003. As a consequence of this reform, the EU is losing world market share for commodity products. While commodity products are not representing the future of the EU dairy sector, the latter can compete with all other milk-producing regions of the world when it comes to added-value products as cheese. In this context, the EDA requires improved access to various markets as the USA and Japan.

A multi-lateral agreement in the WTO is the best way to obtain this increased market access.

However, in this agreement, three points are of major importance for EDA: the phasing-out of export support should only go over budget (to be able to adapt to the new situation), any further tariff reductions than the present proposal will significantly harm the EU industry at its home market and the USA needs to follow Europe as far as its efforts in the reduction of domestic support are concerned.

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Closely related to the outcome of the WTO-negotiations are the future of both the EU Common Market Organisation for dairy products and the quota system. This system has strongly influenced the dairy industry and its possible phasing-out will certainly be of the same importance. EDA wants to be part of the recently started discussions on the future of the quota system since, in case of a decision of its elimination, EDA advocated a soft landing for all partners in the production chain.

Mr Meriläinen mentions also some threats related to international trade. He mentioned three points related to the bureaucratic approach to trade of the European Union: proof of arrival, rules of origin and protein standardisation.

Nutrition and health

Nutrition and health is another policy area in which opportunities for the EU dairy industry should be created. Everybody agrees that milk and milk products contribute to a healthy diet. There is also scientific evidence illustrating this contribution. Various promotion schemes educate the consumer on the contribution of milk to a healthy diet. EDA is pleased that the recently accepted regulation on claims will make it possible to mention nutrition and health claims on products.

Milk and milk products contain essential nutrients; a healthy image of milk is essential for the dairy sector and for its further contribution to the development of a sustainable society in Europe. The dairy industry works on this healthy image, but needs to do this in close cooperation with both the EU and the various national authorities, concluded Mr Meriläinen.

Balance and predictability

As a reaction to EDA's intervention, various questions were raised. Most of them dealt with the reduction of the export refunds and the abolishment of the quota system. In answering these various questions, Mr Meriläinen insisted on the necessity of having a 'soft-landing' system, i.e. a solution giving the EU dairy industry the possibility to adapt itself to the new situation.

"Balance is the key word for our industry. Today, the dairy industry is more WTO-compatible and therefore more competitive. Two elements are essential for our industry: balance between demand and supply and predictability. The quota system has been a guarantee for those two elements for a very long time; therefore - as far as the future of the quota system is concerned, we need an open and frank discussion to determine what can be done in the supply chain." Mr Meriläinen concluded.

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.

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