



EUCOLAIT contribution to the public consultation on the Common Agricultural Policy after 2013

1) Why do we need a CAP?

Given that we have a common internal market, the CAP is indispensable for ensuring a level playing field within the EU. Abolition of the CAP would lead to having 27 separate national policies which would destroy the internal market.

The CAP also has a key role to play for the international competitiveness of the European agricultural sectors.

From the dairy trade perspective, it is of utmost importance that farmers produce milk of good quality and that it is profitable for them to do so. Products need to be available at competitive prices and required quality and the EU has to guarantee an environment where this can happen.

The recent dairy crisis showed the importance of EU market measures which minimized the downturn of EU dairy markets and contributed to recovery.

2) What are the society's objectives for agriculture in all its diversity?

We need a sustainable CAP which supports the production of high quality food in accordance with appropriate safety, animal welfare and environmental standards, as expected by European consumers. For EUCOLAIT, an environment that promotes internal and external trade is paramount. The achievements of the single market should not be undermined by discriminatory national measures. As an example one can cite the recent calls for mandatory labelling of origin which is a true threat to trade.

3) Why should we reform the current CAP and how can it make society's expectations?

EUCOLAIT wishes to maintain the current market orientation of the CAP. Market forces should determine commercial decisions as far as possible. Nevertheless, market management by the Commission throughout the year in the form of intervention is required as abolition of such policy would only lead to replacement by national measures. Intervention is also required in order to provide for a certain degree of stability.

We would also plead for more coherence with other EU policies, in particular food safety, consumer information (labelling), customs and trade policy. An element lacking in many trade negotiations involving agricultural products (including the DDA) are non-tariff barriers which have a far more trade restrictive impact than tariffs. As for the latter, we are strongly opposed to ad valorem duties given that for trade it is important to have a transparent and accessible tariff system.

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4) What tools do we need for tomorrow's CAP?

EUCOLAIT has repeatedly stressed the importance of intervention as a safety net. An efficient intervention policy can avoid extreme price volatility and be achieved at a low cost to the EU's agricultural budget. Intervention should be available throughout the year. Private storage will also be needed in the future as a tool to offset short term fluctuations.

The EU dairy sector and EU agriculture in general have a role to play for worldwide food security and must be able to compete in growing world markets. A lively external trade can also have a dampening effect on volatility. Where needed, exports should therefore be supported by refunds. Hence, the EU should not forfeit unilaterally the possibility to make use of export refunds even after 2013.

Another measure worth to be considered when temporary shortage on the EU market occurs and prices rise significantly is a temporary suspension of import duties.

EUCOLAIT also supports efforts which could increase transparency in the dairy chain by way of generic information on production, storage, consumption, exports and imports. However, such information is of no use if it is not up to date.

What we do not need are further derogations for agriculture from competition rules and "contractualisation" of the dairy chain. We have strong reservations against encouraging cartel creation and there is no evidence whatsoever on the potential of Producer Organisations to increase profitability. Milk prices are determined by market forces, in particular the evolution of commodity prices, and this cannot be changed by imposing model contracts upon the sector.

EUCOLAIT, June 2010