



01.11.2010

EUCOLAIT reaction to the legislative follow up of the HLG milk

EUCOLAIT, being the representative of EU dairy trade, participated with interest in the discussions organized by the European Commission in the High Level Experts Group on Milk (HLG). Our assessment of the discussion there has already been sent to the Commission at the time of the official presentation of the final report on June 15th 2010. Now a draft of the legal proposals is circulated in Brussels. EUCOLAIT wants to give the following, initial reaction, keeping in mind the official publication foreseen in December.

EUCOLAIT appreciates that following the serious crisis in 2008/ 2009 in dairy markets, the Commission acted swiftly with the well known market management measures. Intervention was underlined by nearly everyone in the HLG discussions as an essential instrument. EUCOLAIT repeatedly underlined the need for intervention as a tool providing greater stability. EUCOLAIT takes note the “market instruments part” will be dealt with under Post 2013 initiative but would have preferred to bring also this proposal under the heading of the future CAP to get an integrated and balanced approach.

Contractual relations

As EUCOLAIT stated several times the lack of sound contracts is not the cause of lower prices. Now we take notice that “contractualisation” is in fact left to member states.

Producer organizations/ inter branch organizations

From the EUCOLAIT perspective, this is certainly the most alarming element of the proposal as it may lead to disturbances in the functioning of the internal market.

The Commission suggests allowing farmers to negotiate contract terms, including price, collectively via producer organisations (PO's). EUCOLAIT underlines that the present legal framework offers already ample possibilities for cooperation. At the moment there are however now some justified limitations, for instance: possibilities for creating PO's are reduced in the absence of shared processing facilities.

The new provisions however would allow PO's to negotiate contracts for the delivery of raw milk for part or all of their joint production. Even though this cartel authorization is subject to a size limit, PO's could still seriously breach the internal market principles.

EUCOLAIT underlines that so called “imbalances in the dairy chain” are not analyzed thoroughly. The problem (if any) of ill functioning price transmission is just simplified as one of lack of bargaining power of producers towards processors. On top of that an impact assessment of the measures proposed is lacking.

EUCOLAIT aisbl

Avenue de Roodebeek 44 - B-1030 Brussels - Belgium

Tel. : 32 (0)2 230 44 48 - Fax : 32 (0)2 230 40 44

dairy.trade@eucolait.be - www.eucolait.be

BNP Paribas Fortis Bank : 210-0751020-01 - Avenue des Arts 45 - B-1040 Brussels IBAN : BE43 2100 7510 2001 SWIFT : GEBA BE BB