



European Association of Dairy Trade
Europäischer Verband
des Handels mit Milcherzeugnissen
Association Européenne du Commerce
des Produits Laitiers et Dérivés



Mr Mauro Poinelli
DG AGRI C.4 -Head of Sector –Milk Products
European Commission
Rue de la Loi 130
B-1049 Brussels

Brussels, 17 January 2012

Subject: Aid rates for the private storage regime for butter in 2012

Dear Mr Poinelli,

The aid level of PSA is expected to be voted at one of the next Milk Management Committees. In view of the market conditions, PSA operators must be confident that the costs of storage are adequately covered. A well managed PSA system is essential so that operators face no more than what can be regarded as normal commercial risk.

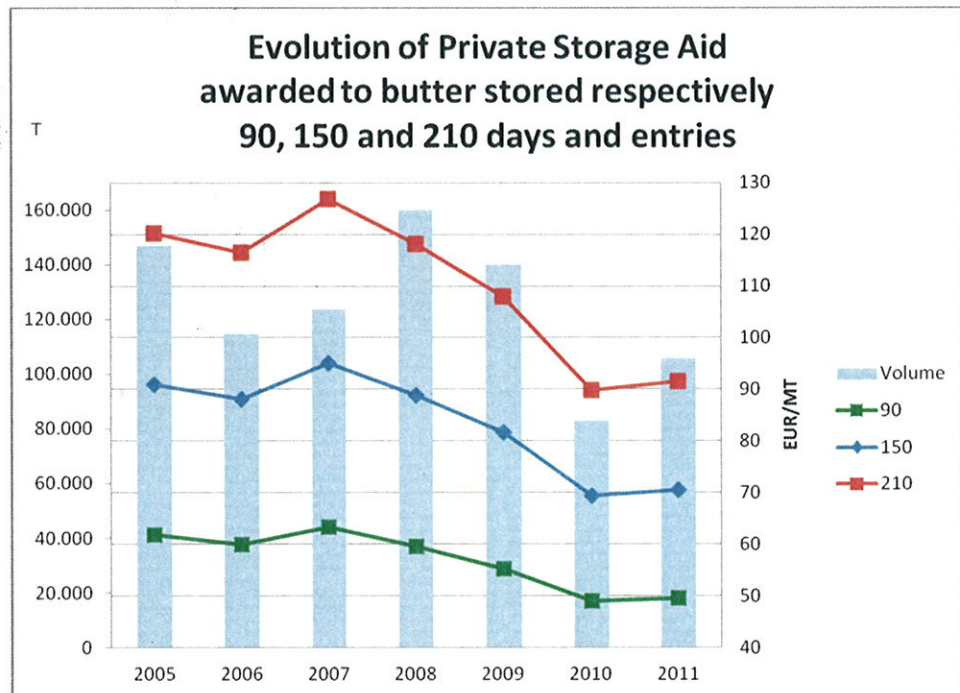
In the last couple of years we have seen a declining pattern with regard to the levels of aid awarded to butter stored under the scheme. This is definitely not reflective of the evolution of the storage costs. Especially energy costs and to a lesser extent financing costs have been moving up. The trend line for the volume of butter going into private storage is clearly negative even if variations from year to year can be observed.

As we enter 2012 a lot of uncertainties face the butter market: what will be the impact of the current economic situation on domestic consumption; how much export can we expect given the current difference with world market prices? In such an environment it is of utmost importance that operators can fully cover the carrying costs of butter under the scheme.

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The scheme is central to the CAP butter market management and if operating well, it is a very cost effective market tool to achieve price stability. It is therefore vital that operational storage costs are adequately compensated. Eucolait therefore asks the Commission to stop the downward trend by improving the conditions for the private storage of butter.

We hope that you will take our thoughts into consideration.

Yours sincerely,

Bart Van Bellegem
Secretary General

Cc: Mr P. Dautzenberg – DG AGRI C.4