



EUROPEAN ASSOCIATION
OF DAIRY TRADE

★
EUROPÄISCHER VERBAND
DES HANDELS
MIT MILCHERZEUGNISSEN

★
ASSOCIATION EUROPEENNE
DU COMMERCE
DES PRODUITS LAITIERS
ET DERIVES

Mr Lars Hoelgaard
Deputy Director General
DG AGRI and Rural Development
Wetstraat 130
B-1049 Brussels

Brussels, 2 November 2009

Subject: release of intervention stock

Dear Mr Hoelgaard,

Stability of dairy markets should be one of the aims of EU dairy policy. In this regard we want to draw your attention to the management of the intervention tool, in particular for butter.

Due to a shortage of fresh supplies of butter, prices have steeply risen over the past 3 months to levels a good 50% over the intervention price. Markets are clearly showing a temporary imbalance.

During the discussions in the EUCOLAIT October meetings with your services, EUCOLAIT argued that, from a market management point of view, there was ample justification to consider the possibility to release some intervention stock.

On that particular occasion the message was conveyed to the Commission that a timely release was needed under present market conditions. The main reason being that for the longer term, price stability is needed to prevent that the sustainable demand for butterfat could be hurt. Moreover under a tender system limited quantities could be released in a timely fashion without disturbing an orderly setting of the price.

EUCOLAIT needs to bring these points to your attention once again since we have seen no progress on this topic since.

Hoping you will take our observations into consideration.

Yours sincerely,

Wim Kloosterboer
Secretary General, Eucolait

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- Mr Juan Fernandez Martin, Head of unit – Animal Products, DG AGRI
- Mr Thorkild Rasmussen, Deputy Head of Unit - Animal Products, DG AGRI