

Milk sector reform

Commission proposals on the dairy sector have good ideas but lack courage in key areas

The European Commission today presented its dairy package, outlining proposals for reform of the milk sector in response to concerns by dairy farmers, notably on fair prices. The Greens believe the proposals point in the right direction but fall short in a number of crucial areas. In response to the proposals, French Green and vice-chair of the EP agriculture committee **José Bové** said:

"While these proposals do represent an improvement in the EU Commission's response to the serious challenges faced by dairy farmers, they fall short in terms of addressing the challenges of the European dairy sector in a number of key areas. In its present form, the milk package will fail to promote the efficient organisation of milk farmers, which would enable them to stand up to the overwhelming market power of the milk industry and supermarkets.

"The proposals do attempt to strengthen the hand of milk farmers in their negotiations with the milk processing industry and supermarkets, which will in turn help them secure fairer prices. However, the Commission regrettably falls short of proposing an obligatory framework for EU milk contracts and the limits for 'organised offer' and conditions of delivery by milk producers are set at a very low level (1).

German Green MEP **Martin Häusling**, Member of the Agriculture Committee, said:

"The idea of supply management to avoid surplus production and price dumping is recognised in the proposal. This would represent real progress if both member states and producer organisations would be supported in doing this kind of proactive volume and price management but, regrettably, this approach was trenchantly opposed by the EU competition commissioner. There may even be an adverse effect in some member states where national competition authorities allow a much higher percentage of volumes and producers to organise themselves against abuse of market power of processors and trading companies.

"The proposals are also hampered by the Commission's flawed and blinkered analysis that the European milk industry is on a continued trajectory of expansion and increased competitiveness on the world market. Europe needs to give up this ideology and move to a sustainable milk production system which is based on own resources and less imported feedstuff."

Note to editors:

(1) According to the proposed regulation, contracting for the delivery of raw milk to be negotiated by a Producer Organisation (PO) is limited to 3.5% of the overall EU market and not more than 33% of the total national production of any particular Member State covered by such negotiations. Member States

would even be allowed to set a lower threshold if 33% is deemed too high.

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José Bové

Member

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