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Latest Information on the Dairy Market

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

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(Honourable Members of Parliament,)

I have come here today from a constructive meeting in Luxemburg, where I discussed with the Council on two additional measures on Article 186 and on the buying out scheme that were adopted by the Commission on 9 October. While we all have seen that markets are showing signs of recovery, this does not mean that we can be complacent and of course we will not. In order to move fast on the proposals, that I will explain here, we need an urgency procedure from the European Parliament.

I have obviously been following the intense meeting activity of the European Parliament with regard to the dairy issues. In this context I have taken note of your resolution and on my side I hope that you have noted that many of your recommendations are already covered in practice, covered by today's proposals or covered by ongoing studies or proposals.

As regards ongoing studies I am pleased to see that the High Level Group is off to a flying start with full agendas for the various meetings until June next year. In this group issues like a fair and balanced relationship in the chain, transparency and contractual relations are discussed. Of course, the appropriate market support measures will also be discussed within that group.

Clearly, it is too early to draw any conclusions after only one meeting but I am comforted by the enthusiasm shown both within and outside the Group regarding the various subjects so important for the future of the sector.

Measures to stimulate demand have been introduced via the extended school milk scheme and an additional round of promotion programmes for dairy products.

Specific attention for dairy farmers in vulnerable conditions are part of the Rural Development programme.

In this context, I have also noted, how the additional money from the Health Check and the Economic Recovery Package is divided. In the period from 2010 to 2013 we estimated that € 660 million is used for dairy restructuring within the additional resources for Rural Development and on Article 68 we estimate that € 240 million will be used in the same period. This reflects the Member States priorities.

On the issue of consumers' information we have regulations in force that provide for dairy products to be labelled as such only when they contain 100% of dairy products. I remind you that it is Member State competence to enforce this regulation to ensure that we do not see "fake" products sold as dairy products. The labelling of origin issue is part of our discussions in relation to the quality Communication.

Finally, let's not forget the Commission's proposal to allow for a temporary state aid of € 15,000 which will be adopted by the Commission on the 28 of October, which you ask for under point 17 of the resolution.

Now I come to today's proposals

One of the experiences learned this year is that urgent problems require urgent solutions. Therefore, the first proposal I present you today specifically addresses this issue. Adding milk and milk products to Article 186 of the Single CMO, the so-called disturbance clause, allows the Commission to take quick and effective actions where the market is subject of sudden, substantial movements. The experience since 2007 has shown that it is very appropriate to add the dairy sector to those sectors which could make use of the disturbance clause.

It goes without saying that potential measures taken under Article 186 would be complementary to measures already provided for under the Single CMO. The most appropriate measures will be discussed in the management committee. At this stage I can only say that private storage for different products, and this could include cheese, is a candidate provided the market situation is such that we can justify such an aid.

I am also prepared to propose the allocation of € 280 million Euros in our 2010 agricultural budget to other measures under the enlarged Art. 186. The concrete nature of these measures still needs to be decided but it is clear for me that this amount should benefit the dairy farmers directly. The money will be allocated via national envelopes calculated on the basis of the production in 2008-09 within the limits of the quota ceilings. Member States should allocate the amounts in a non-discriminatory manner to those producers that are most affected by the crisis.

I have just said that "I am prepared to propose." and this is important because it is not in my hands to decide on this budgetary move but the budget authority – meaning the European Parliament and the Council of Finance Ministers on the 19th of November.

Needless to say that if this allocation of the € 280 million is approved my purse for 2010 is totally empty apart from the safety margin of € 300 million which corresponds to the amount necessary to avoid financial discipline. Requests for new spending can not be taken up without changing the pluri-annual financial perspective.

The second part of my proposal today is a temporary stricter application of the quota management. I propose to temporarily deduct bought up quota from the national reserve, so that the super levy is calculated on the basis of a lower national quantity. The difference between the levies collected in this way and the levy due to Brussels can be kept in the Member States to finance further restructuring. It is a voluntary scheme because a compulsory scheme would not work.

As you can see with these proposals almost all your recommendations have been properly addressed. There is one recommendation where I continue to be very reluctant and that is the aid for skimmed milk powder in animal feed. Until now I have not received any convincing analysis that this would increase demand. Without this additional demand there will be a complete mismatch between what we achieve and the money we spend. And talking about money, you recall that I said that my purse is empty.

To sum up I hope I made clear that the two proposals of today are urgently needed to give a further incentive to market recovery and to help farmers.

Thank you.